Austria	Sch24	Indonesia	Rp3100	Philippines	Pso40
Bahrain	Din0.700	Iran	Rls230	Portugal	Esc150
Belgium	BFr55	Israel	Shk3.30	Qatar	QR8.50
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmark	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.600	Spain	Pta165
Finland	FM8.50	Lebanon	L£400.00	Sweden	SKr12
France	FFr7.50	Lux	LFr55	Switz	SFr2.80
Germany	DM2.80	Malaysia	Rin4.25	Thailand	Bt50
Greece	Dr150	Morocco	Dh6.80	Tunisia	Din0.800
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft107	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr150	Norway	NKr12.00		
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

INDIA

Shadow of caste haunts V.P. Singh

Page 4

No.31,052 © FINANCIAL TIMES 1990 Friday January 19 1990 D 8523A

World News

East Europe wants Soviet troops out this year

The Government of Hungary and Mr Lech Walesa, the Polish Solidarity leader, both echoed Czechoslovakia's earlier call for complete withdrawal of Soviet forces from their countries by the end of this year or early 1991. Page 18

KGB foils $8m deal

The KGB thwarted an illegal scheme to ship a dozen new, fully-equipped Soviet T-72 tanks to an unnamed western country in a deal that stood to net the weapons' makers $8m profit, Izvestia reported.

Rebuff for Quayle

The White House has been forced to scale back Vice President Dan Quayle's proposed fence-mending visit to Latin America after the US invasion of Panama because Latin leaders indicated he would not be welcome. Page 3

Nagasaki shooting

The mayor of Nagasaki, who outraged many Japanese by blaming the late Emperor Hirohito for Japan's involvement in the Second World War, was shot and wounded by a right-wing gunman. Page 4

Swedish threat

Talks start today between Swedish employers, union leaders and the Government on a national wage agreement amid a threat of unofficial strikes. Page 2

Ukrainian converts

Some 700 congregations and 350 priests of the Russian Orthodox Church have asked to join the outlawed Ukrainian Catholic Church since it was given de facto recognition by Soviet authorities.

Cambodian revolt

Cambodia's communist rulers are expected to go the East European route this week and formally ditch socialism as their main goal.

China frees 573

China said it had freed 573 people arrested for taking part in pro-democracy unrest crushed by the army last June.

Zhivkov charged

Disgraced former Bulgarian leader Todor Zhivkov has been put under house arrest and charged with inciting ethnic hostility, malfeasance in office and misuse of state property. Talks break down, Page 2

Polish strike crisis

Polish Prime Minister Tadeusz Mazowiecki faced the worst strikes since the Solidarity-led government took power but said he would press ahead with economic austerity.

German unity call

The Bonn government called for an explicit commitment to German unification from both German states as soon as free elections had been held in East Germany.

Strasbourg's view

The European Parliament gave its moral support to UK ambulance staff in a gesture that infuriated British Conservative MEPs. Page 8

Latvian accused

A Latvian exile, Boleslavs Maikovskis, 86, went on trial in Münster, West Germany for his alleged role in the deaths of 171 people in wartime Latvia.

Satirist murdered

A popular radio satirist in Haiti, Jean-Andre Destin, 33, died after being shot twice by an unidentified gunman in Port-au-Prince.

Snow go for skiers

From the Pyrenees to the Tyrol, snow-starved skiers are being urged to take up hang-gliding or hiking as holiday operators bid to salvage business from Europe's third mild winter in a row.

Business Summary

Sankyo to take control of German drugs group

Sankyo, Japan's second largest pharmaceuticals company, announced plans to buy a controlling stake in Luitpold-Werk, West German drugs maker, for DM220m ($129m), in one of the largest Japanese corporate acquisitions in Europe. Page 19

PER ARWIDSSON, Swedish property developer, has revealed that he has become one of the largest shareholders of Porsche, West German sports car company, after quietly buying shares on the open market over the past year. Page 19

STANDARD Chartered, London-based international bank, warned that mounting problems in the banking market would depress its 1989 profits. Page 19

AEROFLOT, Soviet national airline, has announced that it hopes to sign a leasing agreement for the purchase of five A-310 Airbus aircraft next week. Page 6

JOINT VENTURES registered in the European countries of Comecon and Yugoslavia soared to 3,345 by the end of 1989 from 165 at the beginning of 1988. Page 6

DIGITAL EQUIPMENT, second largest US computer company, showed a sharp fall in its share price on news of lower-than-expected second-quarter results. Page 19

PHILLIPS PETROLEUM, US oil and chemical group, will take a $280m charge on offshore California investments, resulting in a "substantial" loss for the fourth quarter. Page 22

ALCOA, world's largest aluminium producer whose performance is widely considered to reflect the state of the US industrial economy, stunned Wall Street with a disappointing fourth-quarter earnings announcement. Page 22

CHINA International Trust and Investment Corporation, state-owned diversified industrial group, moved to take an active investment role on the Hong Kong Stock Exchange, by agreeing to acquire control of the small quoted company, Tylfull. Page 23

AMERICAN Airlines, Dallas-based carrier, is to increase its transatlantic capacity by 22 per cent, intensifying competition on the lucrative routes at a time when US and European airlines are reporting falling profits. Page 22

PFIZER, third largest US drugs company, said the persistent strength of the dollar had led to a 6 per cent decline in net profits, despite a 9 per cent advance in worldwide sales. Page 22

COMMODITY Futures Trading Commission has said it will allow US institutions to use futures contracts on UK stock indices as part of a no-action clause agreed by the US futures and securities regulators. Page 24

PRIMERICA, US financial services conglomerate run by Sandy Weill, announced a $289m net profit on $5.7bn of 1989 total revenues. Page 22

ANGLO AMERICAN, largest South African mining group, will continue to increase gold production as a means of overcoming the effects of flat prices and rising costs. Page 22

BANKAMERICA, third largest US bank group, reported sharply improved results in the fourth quarter, continuing a strong recovery from the huge losses it suffered until a major management shake-up in 1988. Page 22

CHRISTIANIA BANK, top Norwegian bank, has signed a preliminary agreement in principle to acquire Sunnmoersbanken, troubled medium-sized commercial bank. Page 22

Gorbachev attacks critics as 'rabble,' defends emergency

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev, the Soviet leader, yesterday denounced critics of his political and economic reforms as a "rabble" and defended the imposition of a *state of emergency in the* republic of Azerbaijan as a fight against extremism and criminals.

His offensive on the economic front came amid desperate attempts by the security forces to reimpose control on militant Azerbaijani and Armenian nationalists, fighting an open war in the mountains of the Transcaucasus.

The Red Army was yesterday forced to call up its reservists to bolster the troops on the ground. Soldiers already sent to the area were still held up at airports and in their bases by nationalist roadblocks and demonstrations.

However, Mr Gorbachev was adamant that the use of force was an essential part of a country-wide effort to stop the process of nationalist separatism, from the northern Baltic republics to Moldavia in the west and the southern Transcaucasus.

And he rounded on doubters and critics of his economic policies, insisting that improvements were on the way and a massive switch from heavy industry to consumer goods was already taking effect.

In Sovietskaya Rossia, the official newspaper of the Communist Party in the Russian federation, Mr Valentin Romanov, rector of a teachers' institute in the Urals steel city of Magnitogorsk, defended the old "command-administrative system" which Mr Gorbachev is *seeking to dismantle.*

Mr Romanov accused reformist economists of failing to present any coherent programme to meet the economic crisis.

The Soviet leader, however, defended the recovery of human rights and democracy in Soviet society, saying: "We must fight resolutely against all the rabble; all those who are putting in their oar to muddy this process of moral renaissance."

Mr Gorbachev was addressing a meeting of 1,000 workers, peasants and technicians in the Kremlin, summoned to give popular support to the ailing perestroika process.

He admitted that the reform process had reached its most "decisive and difficult phase," and flatly rejected its detractors – even as a leading Communist Party newspaper published strong criticism of the whole trend towards a market economy.

The conference was described by Tass, the official news agency, as having the job of deciding whether "the country has made a mistake in choosing the present direction of perestroika," but Mr Gorbachev showed no sign of backing away from his commitment. "We need perestroika as we need air," he said.

At the same time he warned grimly about the rise in nationalism on all sides. "The problems which have accumulated for tens, for hundreds of years, *have erupted," he said.*

"We are now engaged in stopping this process from deepening further and becoming aggravated. We have taken the step of using force, too, against extremism, criminals, against this vandalism."

Meanwhile, reports from Azerbaijan suggested that some 11,000 extra troops had failed to reimpose order, either in the capital, Baku – where up to 60 Armenians have died in pogroms – or in the hills around the disputed territory of Nagorno-Karabakh.

Gen Dmitri Yazov, the Minister of Defence, described the situation as a "major disaster" when he announced the call-up of reservists on Moscow Radio.

"It is essential to control the centres of population, roads and state enterprises and institutions to prevent chaos from arising," he said.

However a general strike yesterday paralysed factories and public transport in Baku, where the authorities have still not dared to impose the state of emergency.

In the border region of Nakhichevan, where nationalists tore down frontier defences with Iran two weeks ago, new mass rallies were held to protest at plans to rebuild them. Large-scale troop reinforcements, including tanks, have been sent to the region.

In Moscow, Azerbaijani officials said that Armenia's use of helicopters to attack villages "cannot be described as anything other than war."

New figures released by the Interior Ministry said 66 people had died so far in the disturbances.

Reuter reports from Moscow: Soviet Azerbaijani officials declared yesterday that their republic was at war with neighbouring Armenia and claimed that Kremlin policy had contributed to the violence in the southern Soviet Union.

A spokesman for the Azerbaijani Popular Front also warned against any attempt by authorities to impose a curfew in Baku, saying it would fan passions which have led to the deaths of many Armenians in the city.

Mr Boris Yeltsin, former chief of Moscow's Communist Party, has made a blunt attack on Soviet President Mikhail Gorbachev (below), claiming that his perestroika reform programme has failed.

"Five years should be enough for a president to prove his worth. He hasn't fulfilled his pledges to the people," Mr Yeltsin says in an interview published in today's Financial Times.

Mr Yeltsin, elected last **year as a member for Moscow to the national Congress of People's Deputies, calls for new forms of co-operation among the country's republics and says the constitutional primacy of the Communist Party must be repealed.**

He says there is "great danger" of violence unless further radical reform is taken. Page 2

Bush and Fed clash over level of rates

By Anthony Harris in Washington

CONFLICT between the US Administration and the Federal Reserve over monetary policy resurfaced yesterday as the White House argued for lower interest rates in the face of a sharp drop in housing starts.

A decline of 8 per cent in starts for December, taking them to the lowest level of activity since 1982, was "not good news," Mr Marlin Fitzwater, the White House spokesman said. "We aren't trying to tell the Fed what to do, but we have always said we would like lower interest rates," he added.

He said that a 0.4 per cent rise in the Consumer Price Index in December, also announced yesterday, "indicates inflation is low and under control."

However, Mr Manley Johnson, vice chairman of the Federal Reserve, indicated in an interview in the Wall Street Journal on Thursday that he would not favour lower rates as long as economic signals *remained mixed*, and bond market yields indicated rising inflation concerns. Bond yields rose further on Wall Street after this indication that policy was unlikely to be eased.

Mr Wayne Angell, another Fed governor, had put the same arguments more forcefully in an interview last week. He said that the 4.6 per cent rate of wholesale inflation was "unacceptable," and that "whatever policy brings bond yields down is the right policy." The White House expressed the hope that the Fed would review economic data and "see that lower interest rates are justified."

President Bush said at the weekend that he was "not satisfied yet" with the fall in rates achieved so far.

Mr Fitzwater said: "We think the economy is sound... but there is some concern about a drop in retail sales and some indicators showing the economy growing at a slow pace. We want to be ever vigilant on the need for continued growth, but we don't see any dramatic problems in the immediate future."

Mr Fitzwater conceded that the drop in housing starts might reflect the record cold spell rather than the state of demand. This appeared to be confirmed by the fact that permits for future housing starts, a more accurate figure and a more reliable forward indicator, fell only 0.4 per cent.

Thomson-CSF pulls out of Ferranti talks

By David White and Michael Skapinker in London

FERRANTI International's attempts to find a buyer appeared to reach a dead end yesterday when Thomson-CSF, the French defence group, said it was no longer interested in buying the company.

The announcement, which *leaves Ferranti increasingly* beleaguered, sent its shares tumbling from 37p to 26p.

Thomson had been widely seen as the only company which might bid for Ferranti before February 5, when the UK defence and electronics group's shareholders will be asked to approve a £187m ($308m) rights issue.

Thomson, however, said it was also continuing talks with Ferranti on possible areas of co-operation. It said it might revive its takeover plan with in the form of a counter-bid if another company made an offer.

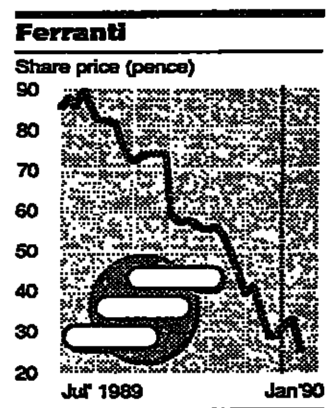
Ferranti has been looking for a buyer since the discovery last year of a £215m alleged fraud involving ISC Technologies, its *US subsidiary, which* has blown a hole in the company's balance sheet.

Thomson is the third large European defence contractor to have examined Ferranti's business in detail and rejected a bid. Its withdrawal follows announcements last December by British Aerospace and by Daimler-Benz, the West German industrial group, that they were not interested in taking over the company.

It now seems likely that any bid for Ferranti will be a joint effort by defence electronics companies looking to break up the company. General Electric Company of the UK is still interested in acquiring Ferranti's radar business. US groups such as Westinghouse had expressed an interest but had told Ferranti they would not be able to meet the February 5 deadline for a bid.

*Despite Thomson's confirma*tion yesterday that it had been actively considering a full bid for Ferranti, Sir Derek Alun-Jones, the UK group's chairman and chief executive, said he had not expected a full bid from the French company.

"Our discussions have centred on something other than bids – on collaborative joint venturing, that sort of thing," he said. "I don't think the com-



Continued on Page 18

Lex, Page 18; Markets, Page 29

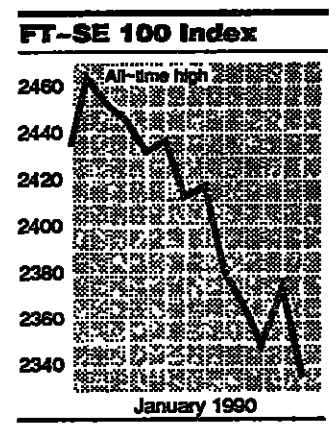
Markets fall amid wave of pessimism

By Rachel Johnson in London

FEARS about inflation and interest rates on both sides of the Atlantic struck financial markets yesterday, driving down prices of equities and bonds.

In London, the FT-SE index fell 37 points to 2,336.9, following a series of substantial falls over the past few days. A piece of potentially positive news - unchanged average earnings figures - failed to arrest the downwards trend.

A softer Wall Street opening



Continued on Page 18

Lex, Page 18; London Stock Exchange, Page 29

Texaco takes $355m charge for environmental clean-up

By Anatole Kaletsky in New York

TEXACO, the US multinational oil group, yesterday announced a $355m non-recurring charge, mainly to cover the cost of environmental improvements at its service stations and production plants.

The clean up charge pushed Texaco's fourth quarter results substantially below expectations, although Wall Street *showed no immediate response* to the disappointment.

Some analysts argued that oil company shares had already been battered in the past few days and investors were now looking beyond the last quarter's results. Texaco's shares, which had fallen 7 per cent in the past two weeks, were unchanged at $55⅛ in moderate trading on Wall Street.

Yesterday's special charge of $355m largely offset a one-time gain of $362m from the sale of US oil-producing properties, also recorded in the fourth quarter.

Including both these special items, Texaco's fourth quarter net income was $287m or 99 cents a share, down sharply from the $296m or $1.21 reported a year earlier.

Ms Mary Quinn, oil analyst at S.G. Warburg, the merchant bank, said the result was about 13 per cent below estimates, and added it would probably lead to a lowering of profit expectations for Texaco and other oil companies in 1990.

In 1989 as a whole Texaco made *$861m or $3.10 a share,* excluding one-off restructuring gains of $1.55bn or $6.02. In 1988 the company reported net income of $1.12bn or $4.61, excluding restructuring gains of $181m or 74 cents.

Mr James Kinnear, Texaco's president, said the special charge for environmental programmes had been established to "provide for additional costs associated with environmental improvement programmes planned at our manufacturing, marketing and producing facilities."

Analysts said that most of the environmental charges would probably be spent on improving underground storage tanks at Texaco service stations, in response to concerns about oil seepage and tighter environmental safety standards in the US.

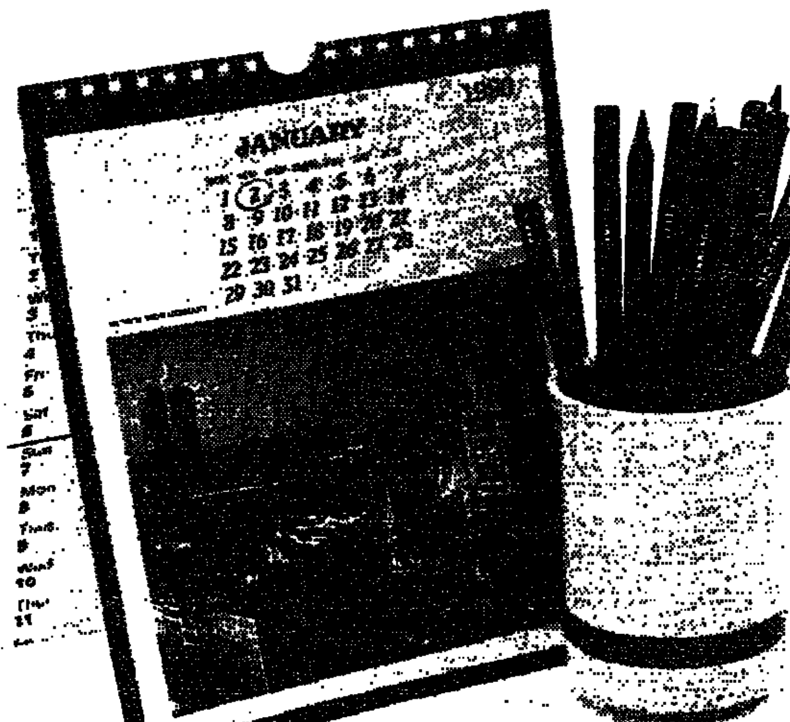
Commenting on yesterday's results, Mr Kinnear said upstream earnings had benefited from higher oil prices, but downstream earnings were lower. Petrochemical earnings declined significantly as a result of falling prices and *demand.*

Ms Quinn of Warburg said other oil companies would be forced to set up similar clean up programmes, but added that she was surprised by the size of the fourth quarter charge. She suggested that Texaco may have decided to account for these costs as a non-recurring item to offset the one-off restructuring gain announced in the latest quarter's results.

● The American Petroleum Institute reported that US oil production suffered its biggest decline in history last year. Domestic oil production fell by 6.8 per cent to 7.6m barrels a day, the lowest level since 1963. Oil imports rose to 46 per cent of US consumption, the second highest figure on record.

Calendar of events 1990

Weatherall Green & Smith have opened their fourth office in West Germany on the second of January.
Munich is the first of their new European offices planned for the 1990's.



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Offices at London, City of London, Leeds, Edinburgh, Paris, Frankfurt, Düsseldorf, Hamburg, New York and Tokyo.

Weatherall Green & Smith

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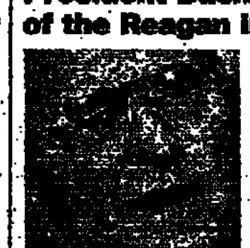
President Bush makes the most of the Reagan inheritance



A year after becoming President, George Bush (left) has proved to be more than a caretaker, at least in foreign affairs. He has been forced to develop his own policies after the upheavals in Eastern Europe.

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MARKETS

STERLING
New York lunchtime:
$1.64365
London:
$1.645 (1.65)
DM2.81 (2.7875)
FFr9.55 (9.48)
SFr2.4975 (2.4875)
Y240.25 (240.00)
£ index 88.1 (87.8)

GOLD
New York: Comex Feb
$411.2 (413.7)
London:
$413 (410.25)

N SEA OIL (Argus)
Brent 15-day Mar
$19.525 (+0.40)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.712
FFr5.8185
SFr1.5225
Y146.25
London:
DM1.708 (1.6900)
FFr5.805 (5.7450)
SFr1.5185 (1.5060)
Y146.05 (145.47)
$ Index 67.6 (67.1)
Tokyo close: Y145.86

US LUNCHTIME RATES
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 8.036%
Long Bond:
97$\frac{13}{32}$
yield: 8.399%

STOCK INDICES
FT-SE 100:
2,336.9 (−37.0)
FT Ordinary:
1,864.4 (−30.9)
FT-A All-Share:
1,169.74 (−1.4%)
New York lunchtime:
DJ Ind. Av.
2,648.46 (−10.67)
S&P Comp
336.36 (−1.04)
Tokyo: Nikkei
36,729.46 (−91.68)

LONDON MONEY
3-month Interbank:
closing 15$\frac{5}{16}$% (15$\frac{11}{32}$)
Liffe long gilt future:
Mar 87¾ (88$\frac{13}{32}$)

EUROPEAN NEWS

Yeltsin accuses Gorbachev of failing Soviet people

The former Moscow party chief gives a frank interview, mounting a fresh challenge to the leadership over perestroika and democracy

PERESTROIKA has failed and Mr Mikhail Gorbachev, the Soviet President, has also failed the Soviet people, according to Mr Boris Yeltsin, perhaps the Soviet leader's most outspoken and vociferous critic. In a long interview with journalists from *Dutch media group Elsevier*, reported here with permission, Mr Yeltsin, who resigned as Moscow Communist Party chief after a row with Mr Gorbachev in 1987, sets out a blunt and highly critical view of five years of perestroika.

While Mr Gorbachev travelled to Lithuania to try to persuade the local party from splitting from the Soviet Communist Party, Mr Yeltsin forged a fresh challenge to the party in the shape of the Democratic Front, a union of different movements – the Interregional Group, the Popular Front, Lithuania's Sajudis, and Shield, an organisation of critical army officers. "Our common goal," says Mr Yeltsin, "is a democratic Soviet Union. Our Front offers a platform for all democratic forces in our country. As conservatives are closing ranks while democratic forces are being played off against one another, we also have to unite. What unites us is our dissatisfaction with the slow pace of reforms. Perestroika has failed. The leadership has failed."

Mr Yeltsin denies, however, that the Front will be an alternative to the Communist Party. "It is not a party but a movement. A force Mr Gorbachev will have to reckon with. He has denounced us as radicals, making it sound a term of abuse. We demand results rather than words. In practice, this entails a new form of co-operation between the different republics of the Soviet Union. This is the only solution to the nationalities problem. We have to repeal Article 6 of the constitution with its guarantee of a leading role for the Communist Party, and implement real reforms."

He is firm that this would mean communists relinquishing their hold on power. "The constitution should contain an article giving equal rights to all political and social organisations. Party monopoly is the main woe. We have to get rid of it."

Moreover, he is also clear that his approach was always bound to bring him into direct confrontation with Mr Gorbachev. "If I hadn't existed, they would have had to invent a Yeltsin. In the Politburo, no one dared to challenge Mr Gorbachev. When I was a member of the Politburo and opposed to Mr Gorbachev, he could still be considered a democrat. Later the Politburo members, including Mr Gorbachev, took fright. There was pressure to get rid of me. Yeltsin had to go. In the end, I quit on my own accord. It didn't harm me. Politically, I survived. I didn't turn into a corpse. I am still participating in my country's political life.

"For the restructuring process it would be far better if I were still in the Politburo with Mr Gorbachev. Everything would progress far more rapidly. Mr Gorbachev can only outstrip me from the left. If he relies on right-wing forces, he will lose. But if, on the other hand, he were to co-operate with progressive forces, both the people and the party would fully support him. Mr Gorbachev has avoided choosing between the left or the right. It has undermined his prestige. He has failed."

He characterises the Soviet President as a Machiavellian who divides and rules. But he considers that while Gorbachev also wants to rally all factions within the party behind his reform programme, this is no longer possible.

"I suggested holding an early 28th Party Congress. I feel it should have been held last year, to discuss the situation within the party and to adopt measures for its renewal. It might have been Mr Gorbachev's congress, uniting radicals and conservatives. But it hasn't turned out that way. Mr Gorbachev failed to seize the opportunity. Now the division has become far more pronounced. It is essential to have different factions within the party. In the 1920s factions within the party were banned. This decision has to be repealed. At least, the people would know who they vote for. It would be clear who is right-wing, who is radical and who is a democrat, who is black and who is white.

"Five years should be enough for a president to prove his worth. He hasn't fulfilled his pledges to the people."

However, asked if he saw himself as an alternative to Mr Gorbachev, he replied: "No provocations, please.

"You shouldn't challenge me. I'm speaking frankly about my position, party life, politics and economics. Currently, I am drawing up a new programme aimed at reviving the country. A serious programme. But I will not be provoked into saying that I want to take Mr Gorbachev's place. Mr Gorbachev has indicated there are some people who vie for power. He hasn't named names. But it's only too evident he means Yeltsin."

Mr Yeltsin is prepared to name those who in his view would be competent to run the country. "The Politburo has only one man – apart from Mr Gorbachev – who is capable of leading the country: Mr Yakovlev, the number two. There is no one else. All the others are below the mark."

The former Moscow party chief remains a party member, but his view of the party's status and worth has been transformed. "When I joined the party I unquestioningly believed the ideological dogmas. I believed communism was the only way. But as I came to face reality I changed my way of thinking. Now I feel all these isms don't matter. Of Marxism's five classical criteria we realised only one. We abolished private property. And we did it badly. We made a mess of it. We have to change.

"I support private ownership of production means and land. A new model is needed – possibly with socialist influences – which would incorporate the positive aspects of socialism but would also embrace the achievements of Western democracy. These I witnessed for myself when I visited the US last fall. No doubt scholars will later invent a name for such a model. The main question now is how to feed the people, clothe them, give them freedom, raise their cultural level and how to improve living standards."

Mr Yeltsin is critical of what has been achieved on financing such reforms. "So far, nothing has been accomplished. Judging by the 1990 fiscal budget, policy changes are insignificant. In the previous budget, capital investments in the non-productive sector were 26 per cent. They have now been raised to 32 per cent. These are not changes, but marginal shifts. US expenditures for the non-productive sector are at 70 per cent.

"Money can be saved by investing less in heavy industry and by cutting defence costs, linked of course to cutbacks in the US and other Nato countries. We should also rationalise investments in space research. The US is making a profit on it. Every dollar the Americans invest in space research yields a return of eight dollars. We in the Soviet Union get back only one fifth, 20 kopeks, per rouble.

"Society cannot continue to live in the state it has found itself in after all these 72 years. The first two years, people were euphoric about perestroika – both the people and the party. Everyone supported glasnost, the aim of free elections and the revival of self-respect in the nation, which had been downtrodden for so many years.

"But from the very start, mistakes were made. We had no clear long-term concept with well defined stages and goals. We presumed the people would continue to put up with things. A nation that had suffered for 70 years, might go on suffering for another 15 years without an explosion. That was a mistake.

"We didn't take into account that the credibility the leadership relied on had its limits. After five, six years of perestroika the limit has now been reached. The people no longer tolerate low living standards.

"Two or three years ago, I proposed in vain adopting legislation concerning private property, land reform, taxation and enterprises. The restructuring process was proclaimed rashly. It has no solid foundation. It's Khrushchev all over again.

"Unless the government and the party implement radical reforms, and unless relations with the republics alter dramatically, a revolution is to be expected. Last month, I asked Mr Gorbachev in Congress if he was certain the changes in the Soviet Union would proceed without violence, as they have in East Germany and Czechoslovakia, contrary to what happened in Romania. I myself am not so certain. I foresee great danger. It is the most serious test we are facing."

Romania scraps referendum on death penalty

By Victor Mallet in Bucharest

ROMANIA'S interim government yesterday announced it was scrapping a referendum on the death penalty and on whether to outlaw the Communist party, a decision likely to anger many of the young revolutionaries who helped to overthrow President *Nicolae Ceausescu last month.*

Mr Sylviu Brucan, a member of the executive of the ruling National Salvation Front, said the announcement of the referendum last week was a mistaken and "almost panicky" decision made by acting President Ion Iliescu and some of his colleagues when they were faced by an angry crowd.

It would, in any case, be impossible to organise a referendum by the planned date of January 28, Mr Brucan said.

Politicians of the Front and other parties acknowledge that embittered Romanians might vote for the death penalty and the banning of the discredited Communist party so soon after the revolution, but they believe that civilised values support their earlier decision to abolish executions and allow all political parties to operate.

Some members of the Front have already been criticised for their links with the former regime and accused of trying *to consolidate their hold on* power at the expense of other parties. Mr Brucan, however, did not hesitate to take a hard line against demonstrators. "We were taken by surprise then," he said of last Friday's protest which prompted the referendum announcement. "We will no longer be taken by surprise, I can assure you."

He pointed to the way in which public demonstrations are controlled by the police in the US and Britain and declared: "Don't ask us to be more democratic than the British and the Americans."

Mr Brucan conceded that the Front was inexperienced and *had made mistakes. He* explained how Mr Iliescu, Mr Dumitru Masilu, the vice-president and Mr Petre Roman, the Prime Minister, had accepted responsibility at Wednesday's meeting of the NSF council for the hasty concessions. The council voted 108-nil (with four abstentions) in favour of dropping the referendum but ratified a third decree establishing a commission to look into the complaints of citizens.

Mr Iliescu said that although *leading members of the former* secret services would not be put to death, the guilty would be punished with the most severe penalty available, namely forced labour for life.

The Communist party had excluded itself from political life without the need for banning, he said.

Mr Brucan also announced a draft electoral law would soon be published for public discussion and said that all the property and businesses of the *Communist party were now* the property of the state. The party's economic office, he said, had 60 industrial enterprises which turned over 60bn lei (£4.2bn) a year and earned $220m from exports, while Ceausescu himself, and his wife, Elena, had 21 palaces, 41 villas and 20 hunting lodges across the country.

Azerbaijani refugees blamed for Baku pogrom

By Quentin Peel in Moscow

MASS rural unemployment, miserable urban housing, and an influx of tens of thousands of refugees have all combined to fuel the race riots of recent days in the Soviet republic of Azerbaijan, according to shocked Azerbaijani moderates.

The result has been a dramatic radicalisation of the nationalist Azerbaijani Popular Front in recent months, leaving moderate reformers out of the movement, and also leaving the ruling Communist *Party without any substantial* popular support.

Observers in Baku now expect Mr Abdul-Rahman Vezirov, the Communist Party leader, to be removed to Moscow, and predict his replacement by the younger and tougher head of the KGB, Mr Vagiv Gusainov. However, they scarcely expect such personnel changes to make any difference to the demise of the ruling party.

Several reports from the Azerbaijan capital, where it is feared up to 60 Armenians have been killed in pogroms since the weekend, point to Azerbaijani refugees from Armenia as the main instigators of the violence. It is estimated that there are about 100,000 such refugees in Baku.

At the same time their numbers have been swollen by an influx of 30,000 Meskhetian Turkish refugees from Uzbekistan, after race riots in that republic last year.

"The city of Baku is now split between the Popular Front, the refugees and very aggressive social activists, and the rest of the population who are not happy with the violence," according to a Baku resident who arrived in Moscow on Wednesday.

"Even the leadership of the Popular Front is no longer in control. It is simply reflecting the force from the grass roots. The Communist Party is irrelevant."

Apart from the refugees themselves, the Popular Front draws the bulk of its support from rural workers living in communal barracks in Baku, and from the rural proletariat. Almost half the republic's 6.9m people still live on the land, but up to 500,000 are effectively unemployed.

"They cannot find jobs. You have to pay about Rs200 (£200) to get a job," an Azerbaijani journalist said. In the Kazakh region near Baku, unemploy*ment, or at least underemploy*ment, is estimated at 75 per cent, and in Nakhichevan – the border zone where rioters demolished frontier fences over the New Year holiday – up to 50 per cent.

"They just survive on their vegetable plots. It is easy to involve this class in the fighting," the journalist said.

The refugees from Armenia were also rural workers, although many came to Baku, and have failed to find any work, he added.

The worst area of fighting, apart from Baku, has been in the hills of north-west Azerbaijan, between the city of Gandzha (formerly Kirovabad) and the disputed enclave of Nagorno-Karabakh.

The fighting began, according to Azerbaijani sources, when the Armenian Communist Party leader in the region of Shaumyan, with a band of supporters, was stopped at a Popular Front roadblock and *found to be taking arms to an* Armenian village in the neighbouring Khanlar district. The vigilantes detained 19 people.

The Shaumyan Armenians retaliated in an onslaught in which 18 Azerbaijani villagers were killed, according to unconfirmed Azerbaijani sources, and a further 42 taken hostage. From that day the fighting began, reinforced with armed militants from Gandzha, Nagorno-Karabakh and Armenia.

Against this background, the Popular Front has been hopelessly split since last October, and moderates claim that there has been an unholy alliance between hard-line nationalists and the Communist Party leadership.

They also see the seizure of party and government offices in the towns of Djalilabad and Lenkoran, and the mass border demonstrations in Nakhichevan, as a deliberate escalation of violence to ensure that dem*ocratic elections cannot be* properly held for a new Supreme Soviet in the republic.

In the tide of nationalism, the secessionist voice in the Popular Front has also come to the fore. Last Saturday's mass rally in Baku, which led to the start of the pogroms, also demanded that the present Supreme Soviet call a republic-wide referendum to vote on outright secession from the USSR.

OECD says Poland has adopted the right policy

by Ian Davidson, in Paris

WESTERN economic experts at the Paris-based Organisation for Economic Co-operation and Development have returned from three days of talks with the authorities in Warsaw with a broadly favourable view of Poland's economic reform programme.

Mr *Salvatore* Zecchini, leader of the OECD team, told a press conference yesterday that the purpose of the visit was not to express judgments or endorsements of Poland's economic programme, but to explore difficult policy issues.

Nevertheless the tone of Mr Zecchini's comments implied an approving sense that the Polish economic reform programme was rational and broadly consistent with principles of market economics.

Mr Zecchini described the programme as "ambitious", and said it relied on "a fine balance between macro-economic measures and structural changes." But he emphasised that radical changes in the attitudes of economic agents in Poland could not be transformed overnight.

He compared the Polish economic reform programme favourably with the tendency of some Latin American countries to engage in what he called "heterodox" approaches to stabilisation, including "direct intervention to quench sources of disequilibrium".

This could work in the short run, but it would fail beyond a very short time horizon. "In Poland I see less heterodoxy, more orthodoxy," he said. "The government seems to have a high degree of commitment to structural reform, as the underpinning of a durable success in macro-economic reforms."

During the three-day seminar in Warsaw, Poland's outstanding foreign debt of $40bn was little discussed, "since the OECD is not a financial institution", he said.

This discreet avoidance of such a major economic issue, underlines the relative delicacy of the OECD's search for a role in Eastern Europe, alongside the robust political role of the European Community and the financial authority of the IMF.

Clouds gather over pay talks

By Robert Taylor in Stockholm

TALKS start today between Sweden's Government, employers and union leaders on a national wage agreement amid the threat of unofficial strikes and the prospect of punitive action by the government if no deal is reached.

The tripartite summit, to be held at Haga castle, a former royal residence, has been called by Mr Ingvar Carlsson, the Prime Minister, who wants an agreement on voluntary wage restraint to deal with the country's high inflation, large balance of payments deficit, low growth and declining international competitiveness.

Some critics have dubbed the meeting as little more than a "coffee morning". But many still regard the Haga process – used in the past with some success – as evidence that the Swedish "middle way", the partnership between capital and labour, can still succeed. The talks are widely seen as the Social Democrats' last chance to arrive at a consensus model for managing the economy.

The outlook for today's talks remain bleak, however. Mr Carlsson wants a deal by February 15 on a wage norm for this year and 1991, which will help to reduce wage-push inflation substantially by the end of next year. If an agreement is not achieved by then his finance minister, Mr Kjell-Olof Feldt, is threatening all manner of punishments such as a 2 per cent additional tax on employers, the postponement of the government's decision to legalise six weeks annual holiday and dropping of other long-cherished social reforms, and further tax increases on employees.

Senior Social Democrats have even said they might call an early general election if the Haga talks fail. Sweden is not due to go to the polls until September 1991 but the Social Democrats lack a parliamentary majority and rely mainly on the Communists but also from time to time on one of the other larger parties in order to govern. Mr Feldt will find it hard to secure parliamentary approval for an austerity package in such circumstances.

The main problem for the Government , however, lies with the attitude of Sweden's powerful trade unions to any suggestion of pay restraint in the national interest. The blue-collar LO confederation likes the idea of centralised wage bargaining because it strengthens its waning authority on the shopfloor but on the other hand, the LO general secretary, Mr Stig Malm, and other union leaders recognise that there is no mood for wage restraint among the members, many of whom are already threatening industrial disruption to protect their wages.

East German newspapers relish taste of freedom

By Leslie Colitt in East Berlin

READERS of Potsdam's Communist Party newspaper, Märkische Volksstimme, were pleasantly surprised yesterday to read in their paper that it was now "independent".

They were even more sur*prised to* find a 12-page free-sheet with East and West German advertisements in their letterboxes, a joint effort of Volksstimme and West Berlin's Volksblatt daily. It was the beginning of a new chapter in German newspaper publishing.

The Communist Party is relinquishing ownership of 15 newspaper publishing houses and Märkische Volksstimme is one of the first to gain its independence. Its new editor, Mr Hans-Ulrich Konrad, told readers that from now on the paper would be "social democratically-oriented". The opposition at yesterday's round table talks with the Government called for Berliner Zeitung, one of the largest circulation SED newspapers, to be liberated.

But the newly-freed papers are no longer subsidised and are therefore seeking links with Western publishers. Volksstimme found its natural partner in West Berlin's Volksblatt which, before the division *of Berlin and Germany,* circulated in the so-called Havelland surrounding the city.

The new free-sheet, Havelland Anzeiger, is printed by Volksblatt in West Berlin and 160,000 copies were brought over the border this week for circulation by the Deutsche Post of East Germany.

David Marsh and Katherine Campbell add: A stream of large West German publishing companies is considering setting up newspaper ventures in East Germany, with the first small trial editions about to hit the streets.

Although finding suitable printing plants and the inconvertibility of the East Mark remain big hurdles, West German groups seem determined to secure a foothold in what could be a rapidly expanding East German media market.

Mr Dieter Schroeder, editor of the *Sueddeutsche Zeitung*, the liberal Munich daily, says his newspaper is "talking to everybody", as is everyone else. he is exploring possible co-operation with existing East German newspapers, as well as going it alone.

The Frankfurter Allgemeine Zeitung is also discussing a possible East German venture. Among others exploring opportunities, the daily mass-circulation Bild – part of the Springer group – and the weekly magazine Stern have complained that no one in East Germany can provide them with sufficiently high quality colour printing facilities.

Bulgarian opposition quits round table talks

ROUND table talks between the opposition and the ruling Bulgarian communist party yesterday broke down after repeated delays by the authorities in providing headquarters for the new political groups.

The Union of Democratic Forces, the umbrella group for the 12 opposition groups said, however, that the authorities had finally given the UDF permission to set up a newspaper, although the circulation will be limited to 70,000 copies.

"What use is a newspaper if we have no offices," said Mr Rumen Vodinocharov, a member of the Helsinki Human rights group.

Mr Andrei Lukanov, the number two in the leadership who is representing the party said last Tuesday, when the first round of talks opened, that it would take time for the municipal authorities to find a headquarters for the opposition. All the municipal buildings are owned by the party.

However, Bulgarian journalists yesterday pointed out that if the opposition were more organised, it could simply charge a membership fee and rent an office.

The talks, which are expected to resume next Monday coincide with preparations for the Communist party congress which opens on January 30.

It is expected that several of the party leaders in the provinces, many of whom owe their power and privileges to Mr Todor Zhivkov who was ousted in a bloodless coup last November, will be replaced.

Yesterday, BTA, the official Bulgarian newsagency, reported that the authorities were preparing to arrest Mr Zhivkov.

The special parliamentary commission set up by Mr Petar Mladenov, the party leader, last week said it had enough evidence to start criminal proceedings against Mr Zhivkov who has not been seen in public since November 16. The charges will include corruption, embezzlement and attempts to assimilate forcibly the country's ethnic Turkish minority.

UK defeat in Brussels reshuffle

By David Buchan in Brussels

THE European Commission's protracted game of musical chairs has come to an end, with the UK losing its bid to lever a Briton into the top civil service job controlling the Community's internal market, but getting indirect taxation placed in British hands as a surprise consolation prize.

The most significant reshuffle occurs among the ranks of the 23 directors-general who preside, like permanent undersecretaries at Whitehall ministries, over Commission departments. Six of these jobs are or are about to become vacant through retirement, resignation or illness, and an intensely nationalistic struggle to fill them started well before Christmas. At the DG level – just below Commissioners themselves – a balance between the Community's 12 nationalities has to be struck.

In the most fiercely-fought battle, Mr Riccardo Perissich, an Italian, is to move up from deputy director general of DG4 (internal market) to be director general, thus thwarting Sir Leon Brittan's bid to bring in Mr John Mogg, a senior official at the UK Department of Trade and Industry with whom he had worked in the mid-1980s.

In personnel matters, Commissioners act as unabashed proxies for their governments, and Mrs Margaret Thatcher, the UK Prime Minister, has made clear that, for her, creation of the single market is Brussels' most important job.

However, a spokesman for the Commission said yesterday that it had been decided to favour inside candidates wherever possible.

No one, not even Sir Leon, had questioned Mr Perissich's capacity for the job. Mr Perrisich's old job has been split in two, one to be filled by a German, Mr Alex Schaub and the other slotted for a Briton. The latter is apparently on offer to Mr Mogg, should he care to take second best.

The Union Jack has been planted on the chair of the DG dealing with indirect taxation. No one country has outdone the UK in its opposition to Commission plans to get the Twelve to bring their rates of value added and excise taxes together. Some will fear that these plans could come unstitched with a British DG working for the French taxation commissioner, Mrs Christiane Scrivener, who has herself been criticised in-house for being too soft on member states.

Upturn for French trade

THE French foreign trade balance improved sharply in November 1989, after an equally sharp deterioration the previous month, writes Ian Davidson in Paris.

Despite the improvement, however, the cumulative trade deficit for the first 11 months of last year was still much greater than in the corresponding period of 1988.

The deficit in November, of FFr2.6bn in seasonally adjusted terms, was less than a third of the FFr8.8bn deficit registered in October, as a result of a *slight decline* in imports and a slight increase in exports.

Nevertheless, the cumulative total deficit for the first eleven months reached FFr43.6bn, compared with just under FFr28bn in the same period a year earlier.

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Airlines called in over publicity for bomb threats

By Roderick Oram in New York

THE US Federal Aviation Administration, disturbed by the increasing willingness of some US airlines to disclose bomb threats to the public, has called representatives of big US carriers to a meeting today in Washington.

A senior FAA official said the regulatory agency was "approaching the meeting with an open mind", but it has previously argued that threats should be handled secretly.

The issue became an emotive one after the bombing of Pan Am flight 103 over Lockerbie, Scotland, in December 1988. A US government warning about a bomb threat to the flight was not made public.

A New York court recently ruled that Pan Am was not liable for punitive damages sought by relatives of flight 103's victims. The Warsaw Convention covering air passengers' rights made no provision for them, Judge Thomas Platt decided.

Airlines remain acutely sensitive to the liability issue, however. In recent weeks Northwest Airlines has made public a threat to one of its Paris-Detroit flights and Delta Air Lines has said it had received a general threat to its transatlantic flights.

The FAA argues that "99 per cent plus of these threats are hoaxes", the official said. Making them public would "upset people's travel plans just to satisfy some strange urge of the guy who made the phone call".

The agency believes it is better to investigate the threats and take extra safety measures: "They should be left to aviation security professionals."

US airlines receive some 300 threats a year.

Mr Samuel Skinner, the US Transportation Secretary, has publicly expressed his unhappiness with making hoaxes public. No rules prevent airlines from disclosing threats.

If the FAA believes after an investigation there is substance to a threat, it issues an alert to the airline and countries involved, as happened in the case of Pan Am 103. It is illegal for individuals or companies to make such official alerts public.

American Airlines adds routes: Page 26

California pollution charges

By Louise Kehoe in San Francisco

A TOTAL OF 15 companies, including subsidiaries of ICI, the UK chemical company, will be charged with polluting the ocean off Los Angeles with pesticides and other dangerous chemicals.

Pollution caused by the practice of dumping the pesticide DDT, and polychlorinated biphenyls (PCBs) is alleged to have caused injury to marine life and sea birds and caused tens of millions of dollars' worth of damage to the environment over the past 40 years.

Companies named by the officials were Benjamin Moore & Company of New York, Simpson Paper of San Francisco, Apex Drum of California, Ted Levine Drum of Los Angeles, Montrose Chemical Corporation of California, Chis-Craft Industries of New York, ICI Americas, ICI Inc, Stauffer Management, Stauffer Chemical Company Division of Rhone-Poulenc of Connecticut, Myers Drum of California, Potlatch of San Francisco, Westinghouse Electric of Pennsylvania, ICI American Holdings, and Trans Harbour Services of Long Beach, California.

Charges will be filed within 60 days.

Neighbours curtail tour by Quayle

By Lionel Barber in Washington

THE WHITE House, facing lingering resentment in Latin America over the US invasion of Panama, has been forced to curtail what was meant to be a high-profile diplomatic mission to the region led by Vice-President Dan Quayle.

Mexico and Venezuela let it be known that Mr Quayle's visit, while US troops remained in Panama, could cause more harm than good. However, Mr Quayle will visit Honduras and Panama, two of Washington's most reliable allies, and Jamaica.

This itinerary falls far short of President George Bush's diplomatic plan of January 5, billed as a big effort to mollify Latin American countries and reaffirm US interest in maintaining good relations with its neighbours.

This week, in a separate diplomatic setback, the administration said it was postponing plans to deploy a US naval taskforce off the coast of Colombia, the Bogotá government having objected. The aircraft-carrier group was part of a US plan to help prevent drug trafficking from Latin America, but premature disclosure led to much domestic protest in Colombia.

Fear of a similar domestic outcry seems to have prompted the Mexican and Venezulan governments to urge Washington not to press Mr Quayle on them. Even so, he will undertake a previously scheduled trip to Chile and Brazil for mid-March presidential inaugurations. Other stops in Latin America might yet be added.

After the US invasion, US officials insisted that Latin American leaders, had privately conveyed support.

Quayle: Travelling less

Nicaraguan economy rises to its knees

By Tim Coone in Managua

THE NICARAGUAN economy, battered by war and ravaged by inflation, took a turn for the better during 1989, according to an annual economic summary released by the government.

Under an austerity plan introduced at the start of last year, the inflation rate fell from a dizzying 33,600 per cent in 1988 to a less heady 1,689 per cent last year, the fiscal deficit was cut drastically from 25 per cent of GDP to only 5 per cent, and the balance of payments deficit on merchandise trade fell from \$572m to \$412m. Nicaragua exports rose last year by 26 per cent, from a depressed level of \$235m in 1988.

According to Dr Alejandro Martinez Cuenca, Planning and Budget Secretary, the 1989 results show that the government's economic stabilisation plans are working and that a recovery is under way. He said that GDP fell by only 2.9 per cent in 1989 due to the austerity plan, and that some sectors – such as agriculture, fisheries and mining – even grew despite a much tighter credit regime from the banking system.

Sectors worst hit were manufacturing industry (down 7 per cent) and construction (down 41 per cent). The downturn in construction was primarily due to a sharp cut in public sector capital spending in 1989, said Dr Martinez.

The three main objectives of the plan had been met, he said. These were to break the hyper-inflationary spiral, to raise exports, and to reverse the decline in real incomes. Wage levels are still "unsatisfactorily low" but a big recovery in purchasing power had been achieved in private sector wages, the Secretary added.

Further increases in 1990 would depend on increases in productivity, he said.

Besides the balance of payments support Nicaragua receives from Comecon countries, amounting to some \$450m a year, the government sought \$250m in financial support from western European countries in 1989 to ease the impact of the austerity plan. Only \$50m was raised. "If we had not received this support, though, the fall in GDP would have been as great as 10 per cent last year," said Dr Martinez.

Brazilian surplus declines

By John Barham in São Paulo

BRAZIL'S 1989 trade surplus fell sharply to \$16.1bn, from a record \$19.2bn in 1988.

The lower figure, which the Finance Ministry had expected from the start of the year, were due to a 25 per cent increase in imports to \$18.1bn and a negiigible 2 per cent rise in exports to \$34.3.

Exporters say competivity of Brazilian products declined as the new cruzado's devaluations failed to keep pace with inflation. The inflation rate rose to 1,765 per cent last year from 934 per cent in 1988.

The currency, exporters complain, is 25 to 40 per cent overvalued. The government allowed the new cruzado's real value to drift up in an attempt to contain inflation.

Mr Namir Salek, director of Cacex, the government's foreign trade department, said he ordered a reduction in the number of trade licences issued in December so as to counter "speculative" imports. Cacex plans to continue limiting import licences in the first quarter of this year.

Brazil's monthly trade balances declined throughout the year, hitting a low of \$870m in December. Exporters warn that Brazil could soon begin to register monthly trade deficits.

Bush seeks more cash to help S&L rescue

By Peter Riddell, US Editor, in Washington

THE BUSH administration has formally requested Congressional approval for an additional \$40bn to \$100bn so as to finance its working capital needs in handling the rescue of the savings and loan industry.

This is in addition to, and separate from, the permanent finance for the \$50bn rescue approved by law last summer.

The additional money – "within a range of \$40bn to \$100bn over the next several years" – is needed by the Resolution Trust Corporation, the federal agency handling the rescue, as temporary working capital. This is to allow depositors to be paid off now as failed savings and loans bodies are taken over, in that it might take several years for all of the repossessed property and land to be sold and the money recouped.

The administration insists that this additional money is nothing but temporary finance and does not affect its earlier estimate that the total losses from bad loans and reorganisation will be \$50bn – a figure regarded by many in Congress as far too low.

In submitting its formal application, the administration has opened a controversial debate about how the additional money should be raised, in particular about the impact on the official estimates of the budget and the Gramm-Rudman targets for reducing the deficit.

In a letter to the House Ways and Means Committee, Mr William Seidman, Resolution Trust Corporation chairman, outlines three options. These are on-budget borrowing via the Federal Financing Bank (part of the government); borrowing from the Federal Home Loan Banks (the independent system of 12 banks which can raise money by selling their bonds and notes at slightly higher interest rates than the Treasury); and allowing the RTC to raise money from private institutional investors by packaging for private placement the brokered deposits currently issued by insolvent thrifts. The last is the most expensive option.

Mr Seidman says the three approaches are "not mutually exclusive." The RTC expects to finalise working capital plans by the middle of next month.

Europeans accused of Rorer deal knowledge

By Alan Friedman in New York

THE MYSTERY about which *chemicals company is on the* verge of buying 68 per cent of Rorer, the US drugs company, took a new turn yesterday as the Securities and Exchange Commission accused four European defendants of having advance knowledge of the Rorer transaction and having earned nearly \$6m from insider trading in the company's stock.

The SEC also revealed that the company about to buy into Rorer is Europe-based and began its negotiations in early December. *Market rumours* have suggested this week that the buyer is either a Swiss firm, such as Ciba Geigy, or Rhône-Poulenc, the French chemicals concern. Both companies declined to comment.

The SEC lawsuit, filed on Wednesday in US District Court in Manhattan, alleges that four investors – Fundation Hall of Monte Carlo, Holding Protection of Athens, Unifund Sal of Beirut and Mr Robert Rossi of Geneva – learned about the Rorer negotiations and engaged in insider trading of Rorer stock between January 4 and Monday, when the deal was partly disclosed by Rorer. The SEC said yesterday that other defendants, so far unnamed, are also involved.

On Monday, Rorer said the acquisition price per share for an initial 68 per cent of its common stock would amount to about \$73 in cash and paper. This sent Rorer's share price up by *an immediate* 25 per cent, to \$62¼. The share price yesterday morning was down by \$¼ at \$63¼.

The SEC says the alleged insider dealing involved the buying of call options which enable the investor to acquire Rorer stock at a specified price within a certain period. Last Friday on the New York Stock Exchange, trading in Rorer stock was unusually heavy. Some sales of Rorer stock took place this week after the announcement of negotiations on Monday. An injunction freezing Rorer-related assets and financial proceeds at brokerage houses and banks involved in executing orders was granted to the SEC.

The SEC lawsuit names five US securities houses and five Swiss banks as also having been involved in the trading, although none is accused of wrong-doing. The US firms named are Prudential-Bache, Merrill Lynch, Paine Webber, Oppenheimer and Dean Witter Reynolds. All of these are believed to be co-operating with US regulatory authorities.

The Swiss banks named are Banque Scandinave en Suisse, in Geneva; Banque Vaudoise de Crédit, in Lausanne; Cambio Valorenbank in Zurich; Compagnie Financière Espirito Santo, in Lausanne; and Discount Bank Ltd, in Geneva.

Banque Vaudoise, a commercial bank, denied any wrong-doing, and said last night it had undertaken "a considerable number of small transactions" in Rorer stock and that these deals were made "purely by fluke". None of the other Swiss banks could be reached for comment.

● The golden parachute – a popular anti-takeover practice by which US corporations agree to pay substantial bonuses to executives if they are sacked because of a takeover – may be in jeopardy following a ruling by the SEC.

The ruling concerns a parachute proposal at Transamerica, the insurance company, but it implies a general shift in policy suggesting that the boards of companies may no longer treat parachute strategies as ordinary business and must hold a vote on such plans if a proposal is made by shareholders.

This is a potentially significant reversal of SEC policy, which has traditionally allowed companies to keep such votes off proxy ballots. The SEC attributed the Transamerica ruling to its concerns over the tax and legal implications of golden parachutes.

While Transamerica is clearly upset at the ruling, the immediate impact of the decision may well be felt at up to half a dozen big US corporations in the next few weeks. The ruling places a question mark over the practice.

Hint of aid cuts puts US-Israel ties under strain

By **Lionel Barber** in Washington and **Hugh Carnegy** in Jerusalem

MR James Baker, US Secretary of State, yesterday held Middle East peace talks with Mr Yitzhak Rabin, Israel's Defence Minister, amid signs of strain over suggestions that the US should consider cutting its $3bn annual military and economic aid.

After an hour-long meeting at the State Department, Mr Rabin said he did not forsee any reductions US aid over the next two years, but he expressed concern beyond 1991. "We believe we deserve the continuation of the level of support that we get," he told reporters.

Mr Yitzhak Shamir, the Israeli Prime Minister, responded to suggestions of a cut in aid by saying the country needed more assistance, not less, because of the burden it faces in absorbing a big wave of immigration by Soviet Jews.

While Israeli military chiefs and political leaders expressed their customary concern that the scale of arms build-ups in neighbouring Arab countries meant there should be no reduction in US military aid, the extent of the immigration flow has raised new alarm that *a cut in economic assistance* would be a severe blow. About $1.2bn of the $3bn received a year by Israel is in the form of economic grant.

The Government is already seeking additional US Government guarantees for $400m it plans to raise in the US to augment a huge spending programme planned to cover the cost of absorbing Soviet immigrants, now expected to number 250,000 over the next three years. The extra spending will add new strains to an already stretched budget, threatening large fiscal deficits.

The controversy over US aid to Israel was ignited this week by this week by Senator Robert Dole, the Senate Republican leader. He suggested cutting US aid to the five main beneficiaries – Israel, Egypt, Pakistan, the Philippines, and Turkey – in order to redirect funds to emerging democracies in Eastern Europe and Panama.

At the same time, officials confirmed that the US embassy sent a cable to Washington a month ago which concluded that on strict economic grounds, the US could cut its aid bill to Israel. The study, *however*, acknowledged that such a political decision could only come from Washington which would face strong resistance from the Israelis.

The administration cautiously embraced the Dole proposal, but at the cost of clouding prospects for progress in the Middle East peace talks. This week, both Mr Rabin and the Mr Esmat Abdel-Meguid, Egypt's Foreign Minister, are in Washington trying to narrow differences over proposed negotiations between Israel and Palestinian delegations. Mr Shimon Peres, the Israeli Foreign Minister, has been invited by the Egyptian Government to pay a visit to Cairo on Wednesday. He is expected to meet President Mubarak and Mr Abdel-Meguid.

Mr Yassir Arafat has threatened to resign as chairman of the Palestine Liberation Organisation if stalled US-brokered Middle East peace efforts fail, AP-DJ reports from Cairo. "I have told the Arab League this week that if current peace efforts reach a dead end and do not solve our probelms, I will call a meeting of the Palestine National Council that elected me," Mr Arafat said. "I will tell them: 'I am hereby returning the mandate you gave me. Fend for yourselves, and the US also should fend for itself.' I will immediately announce my resignation."

Motoshima: out of danger

Shooting of Nagasaki mayor shocks Japan

By **Ian Rodger** in Tokyo

JAPANESE society was badly shaken yesterday afternoon when an as yet unknown gunman shot and injured Mr Hitoshi Motoshima, the controversial mayor of Nagasaki, and fled.

Mr Motoshima, who is 67, is out of danger and recovering in a Nagasaki hospital from a bullet wound in his upper left side. The mayor upset many Japanese in December 1988 when he declared to the Nagasaki city assembly that Emperor Hirohito, then dying of cancer, bore some responsibility for Japan's conduct in the Second World War. Hirohito's role in the war remains controversial and so most Japanese prefer not to discuss it.

Right-wing groups, some of which are fervent defenders of the imperial system, were outraged by Mr Motoshima's statement and immediately began a campaign of harassment against him.

This action included threatening him with a knife, firing shots at city hall and sending letters containing bullets.

Police in Nagasaki said yesterday that the car in which the gunman escaped had been rented last Thursday by a man known to be associated with a right-wing group in the city. Following Mr Motoshima's 1988 statement, police mounted a 24-hour guard around him, but it was removed last month at his request.

According to eye-witnesses, his attacker yesterday stood only five feet behind him as he emerged from his office.

After firing a single shot from a pistol, the assailant made his escape in a car.

Mr Mayumi Moriyama, the chief cabinet secretary, speaking at a press conference in Tokyo, condemned the shooting and said it would have an immense impact on society. Other leaders emphasised that resorting to violence in a democratic society was intolerable.

Mr Tsuruo Yamaguchi, secretary-general of the Japan Socialist Party, who was himself roughed up by right-wing activists while making a speech last year, said people had to learn to fight words only with words.

Mr Enasu Harada, a prominent publisher said: "Although only the mayor was shot, the bullet was aimed at the entire nation."

Although Japan is a remarkably peaceful and orderly society, yesterday's incident is not that surprising. Extreme right-wing groups have been intimidating socialist leaders and intellectuals for decades, and have enjoyed some measure of protection from the consequences of their acts because of close contacts with some influential conservative politicians.

Another reason why these groups have been able to maintain their relatively wide freedom of action is that they have tended to distance themselves from anyone who commits an *act so outrageous* that it arouses the anger of the general public.

Currency strength lifts NZ interest rate hopes

By **Our Foreign Staff**

NEW ZEALAND interest rates should fall if the domestic dollar continues to strengthen, Mr Don Brash, Governor of the Reserve Bank, said yesterday. It is not clear whether rates would move before a Government reshuffle due later this month.

Mr Geoffrey Palmer, the Prime Minister, is preparing his cabinet changes in what could be the Labour Government's last chance to revive popularity and shed a lame-duck image before elections later this year.

He desperately needs new blood. Mr Michael Bassett, the Internal Affairs Minister, this week became the sixth cabinet member to announce he would not stand in the next election.

This means almost one third of his 19-strong cabinet is heading for retirement, including Mr Russell Marshall, the Foreign Minister, and Mr Bob Tizard, the Defence Minister.

Mr David Caygill, the Finance Minister, is expected to retain his portfolio in the reshuffle. He is inextricably linked with Labour's determination to cut inflation below 2 per cent by the end of 1992.

An encouraging 1.2 per cent inflation rate for the three months to December – keeping the year on year rise in inflation unchanged at 7.2 per cent since September – has, together with the strength of *the dollar been responsible for* speculation that short-term interest rates might be about to ease.

The New Zealand dollar reached an eight-month high against the currencies of its five main trading partners yesterday at 62.8 on the trade weighted index, against 61.2 a month earlier. It closed at 61.5 US cents compared with 59.5 a month ago.

Key 90-day bank bill rates have fallen to 13.87 from 14.11 about two weeks ago. This has taken pressure off banks considering lifting home mortgage rates, as the 90-day market is an important source of money for mortgage lending.

The Government has promised that home mortgage rates will fall from their present average of about 15 per cent to between 7 and 10 per cent within three years.

Under a new Reserve Bank Act to be effected next month, the central bank's sole task will be fighting inflation. But critics of the new legislation say the goal of zero to 2 per cent is too ambitious because it is well below that of New Zealand's main trading partners.

Mr Brash has a special interest in seeing that the zero to 2 per cent inflation target is met. Under the new Reserve Bank Act, he could be dismissed if it is not.

The shadow of caste comes back to haunt V.P. Singh

K.K. Sharma reports on an issue which has ruled Indian politics since before independence

CASTE has dominated Indian politics even before the country became independent in 1947 and its spectre is now haunting the new National Front Government led by Mr V.P. Singh, the Prime Minister.

The Government faces violent agitation against the policy of reservation of jobs for lower castes launched by students and others in many north Indian states, including the politically significant Uttar Pradesh, Bihar and Madhya Pradesh in the Hindi heartland. The agitation is spreading even to south India and has come just as preparations get under way for elections to eight state assemblies on February 27.

Since the Janata Dal led by Mr Singh has wide support from the lower castes of Hindus, students and others fear the policy of reservations will be extended, thereby adversely affecting their employment prospects.

Mr Singh declared soon after he took office that until the lower castes were able to improve their economic conditions, the policy of reservations would continue.

This was in response to student agitation on the issue, which highlighted once again the crucial importance of caste in India's socio-political structure. Indians are born into a caste, recognisable by a caste name. All official documents require Indians to enter their caste name.

There are four main castes, but thousands of sub-castes within them. The lower castes, or sub-castes of the lowest main caste known collectively as the Untouchables, have become known as scheduled castes or tribes.

Members of upper castes argue that the criteria for job reservations should not be caste but economic backwardness or poverty. This is based on the reasoning that millions of members of the upper castes are also poor and need the same incentives hitherto given only to the lower castes. Their main fear is that the policy of reservations will be extended by implementing the report of a commission appointed a decade ago by the first Janata Party government, led by Mr Morarji Desai.

This commission identified nearly 4,000 backward castes, or double the number mentioned in an earlier commission's report appointed in the 1950s by Jawaharlal Nehru, India's first Prime Minister.

The commission's main recommendation is that 27 per cent of government jobs and seats in government educational institutions must be set apart for 3,743 backward castes it has identified. Scheduled castes and tribes already have 25 per cent of these jobs and seats reserved for them.

Recommending that the 3,743 groups should have a quantum of reservations on the same basis as the constitutionally recognised scheduled castes and tribes, the commission says the two categories can together claim 52 per cent of jobs and seats in educational institutions through reservations. It has also recommended that the private sector should be made to follow the example of the Government.

The explosive report has never been acted on and was placed in cold storage both by Indira Gandhi and her son, Mr Rajiv Gandhi. They were only too aware of the repercussions of giving employment benefits to the millions who claim to be disadvantaged on the basis of India's complex caste structure.

Yet those who demand continuation and extension of job reservation rightly point out that members of the 4,000-odd scheduled castes and tribes – formed by various groups of *harijans*, former untouchables, and their like – and other backward castes identified by the commission remain impoverished and neglected.

Official statistics show that the literacy levels of these castes remains under 16 per cent, compared to 37 per cent for the population as a whole. Even more appalling is their level of poverty.

Nearly 80 per cent of the scheduled castes remain trapped below the poverty line, and so do not have enough to eat, compared with between 40 and 50 per cent for the country.

A supporter of the reservations policy points out that at the current rate of improvement of the economic conditions of the scheduled castes, it will take the entire 21st century to wipe out the percentage of the population below the poverty line. It will take even longer to bridge the gap between the scheduled castes and the general population so that a homogenous Indian society in economic terms can emerge.

OPPONENTS of the reservations policy say giving effect to the commission's report will entrench caste as the main principle of social and economic organisation, and thus ensure that not only will caste warfare continue, but also that merit as a basis for employment will be eliminated.

The present Government is committed to the policy of continuing reservations, even though some of its members have called for its revision, and for fixing job quotas on the basis of economic criteria, rather than caste.

But any further decision on extending the reservations or acting on the commission's recommendations can be expected to be delayed because of its political implications at a time when growing unemployment is adding to social tensions created by complicated religious, economic and political factors.

Papua New Guinea hit by shutdown of another key mine

By **Chris Sherwell** in Sydney

PAPUA New Guinea's economic and political woes deepened yesterday when protesting landowners caused a shutdown at the Australian-operated Ok Tedi copper and gold mine near the mountainous Indonesian border.

The mine is the second most important after the Bougainville copper and gold operation at the other end of the country, which has already been closed as the result of a campaign of sabotage and killing by secessionist rebels.

It also coincides with sensitive high-level discussions on aid and trade between the Port Moresby Government, headed by Mr Rabbie Namaliu, the Prime Minister, and four Australian ministers led by Senator Gareth Evans, the Foreign Minister.

The Ok Tedi operation was halted by a group of militant local landowners who blocked a public road used to take morning shiftworkers to the pit. As a result work at the vast open-cut mine and its mill stop Mt Fubilan could not continue after the night shift. Power was also stopped temporarily.

The landowners' action, which was peaceful and resulted in no destruction of property, is said to reflect increasing frustration over a protracted dispute with the Government about a share-out of royalties from the mine, and in particular compensation for use of the road.

A government delegation is travelling to the town of Tabubil today to discuss the issues, and mine officials expect the closure to be a short-term affair. But this is not the first time Ok Tedi's operations have been disrupted.

In 1988 there were three strikes, the last of which flared into violence. The mine has also suffered a number of natural disasters. The implications for the economy of any prolonged shutdown at Ok Tedi are particularly serious at the moment because of the Bougainville closure.

Namaliu: Talks with Australia

In addition, the contracting economy has been hit by weak coffee, cocoa and copra prices. To counter the overall impact, the Government last week devalued the kina, cut public spending and introduced credit controls and wage curbs.

It is also seeking a stand-by facility from the International Monetary Fund and a structural adjustment loan from the World Bank, and is hoping for increased financial assistance from Australia, its biggest aid donor. On this, yesterday's ministerial meeting promised no quick decision.

There is no indication that *the Ok Tedi dispute is in* any way related to the Bougainville rebellion, even though the source of both lies in grievances over landowner compensation. Nor is there any sign at this stage that a peaceful resolution cannot be achieved.

Ok Tedi is operated by Broken Hill Proprietary, Australia's largest company, which has a 30 per cent stake. Amoco has another 30 per cent, a West German consortium which includes Degussa and Metallgesellschaft has 20 per cent and the Papua New Guinea Government 20 per cent.

Soviet jets leave Cam Ranh Bay

THE Soviet Union announced yesterday it had withdrawn a number of its military aircraft from the Cam Ranh Bay base in Vietnam as part of overall cuts in its armed forces, Reuter reports from Moscow.

Mr Vadim Perfilyev, a Foreign Ministry spokesman told a news briefing that MiG-23 fighters and Tu-16 bombers had been pulled out of Cam Ranh, a US base during the Vietnam War, at the end of last year. He did not put a figure on the number of planes withdrawn but said a small unit of six to 10 aircraft was being maintained there.

The spokesman said the measure had been taken as part of the switch to a "profoundly defensive" Soviet military posture in the Asian-Pacific region.

The withdrawal, made with the agreement of the Vietnamese government, was also *linked to Moscow's declared* programme of reducing force strengths in the eastern part of the Soviet Union itself, he added.

"The Soviet Union hopes that these measures will serve the cause of lowering political and military tensions and of strengthening the climate of mutual trust in the Asian-Pacific region," Mr Perfilyev said.

Peking frees pro-democracy demonstrators

By **Colina MacDougall**

NEARLY 600 protesters jailed for joining the pro-democracy movement last June have been released, according to China's Ministry of Public Security reported yesterday by the official news agency.

This move, which follows last week's ending of the eight-month martial law, is probably designed to alleviate foreign disapproval of the Government's massacre of unarmed demonstrators in Peking last June, which caused suspension of much-needed loans.

In particular, the Chinese are trying to impress the US with their moderation so that Washington will permit World Bank lending to resume. About $750m worth of World Bank loans were suspended last summer, and the White House has already indicated it would now *consider permitting a resumption.*

The ministry said the prisoners were freed because they had repented, and called on other offenders to do likewise. Many thousands were arrested last summer and more than 800 have been sentenced, some to long prison terms. Hundreds are believed to have been executed after the protests.

Coalition's policies hinge on its showing in state polls

By **David Housego** in New Delhi

INDIA'S election marathon gets under way again next month with the announcement yesterday that polling will take place on February 27 for elections *to eight state* assemblies, covering 230m people, or more than a quarter of India's population.

The elections are a critical landmark in Prime Minister V.P. Singh's administration, offering him the chance of overthrowing Congress state governments in the north, east and west of India and of broadening his government at the centre. Likewise a major reversal for the Congress party could renew the pressure for former Prime Minister Mr Rajiv Gandhi to step down as its leader.

The elections are to be held in the northern Hindi-speaking states of Bihar, Madhya Pradesh, Rajasthan and Himachal Pradesh, in the western states of Maharashtra and Gujarat, in Orissa in the east, and in the small state of Arunchal Pradesh, bordering China in the north-east.

On current forecasts, the National Front coalition stands a chance of wresting all eight states from Congress control. Whether it succeeds in doing so will largely depend on whether the Janata Dal and the Hindu militant BJP can again work out seat-sharing arrangements.

It was their success in reaching arrangements to field sole candidates against Congress that was an important factor in their November general election victory.

Among the factors working in favour of Mr Singh repeating his performance is that his government has defied the worst prognostications at the time that it would fall apart because of its internal divisions, and has instead put up what is generally considered a creditable performance.

But Mr Singh's Cabinet faces several difficult tests before polling – not least its handling of the current violence in Kashmir and the threat of renewed tension between Hindus and Moslems over the disputed temple at Ayodyha in north India. Mr Singh has, however, benefited from quarrels within the Congress party, with Mr Gandhi having difficulty in asserting his authority over the party bosses who run the states. Many believe that the Congress could split if it does badly.

On the outcome of the elections will depend Mr Singh's decisions on how to broaden the base of his government. He has the choice of seeking to draw in members of the BJP party and the Marxists, or of attempting to woo defectors from the Congress.

The state elections are also important in that once this hurdle has been crossed Mr Singh will have more leeway to define his economic policy.

Morocco's royal paraphernalia line the road to a modern economy

The Arab world's oldest monarchy is making real progress away from feudal forms of ownership and organisation, writes **Francis Ghilès**

APPEARANCES can be deceptive. The pomp and circumstance which surround King Hassan of Morocco remain as elaborate as ever for a dynasty that has ruled the most Western of Moslem countries for more three centuries.

Yet, for all the appearances – and, in a number of important respects, the reality – of a feudal kingdom, a new generation of younger Moroccans is slowly moving into positions of influence. The recently-appointed governor of the central bank, Mr Mohamed Sekkat is symbolic of an increasingly powerful group of people who comprise senior civil servants, private businessmen and a score of people in the professions.

Mr Moulay Zine Zahidi, the minister in charge of privatisation, knows that the monarch's plans to privatise 113 state companies, including four banks, will succeed only if the wealth they represent can be spread beyond the few dozen families, including the King's, which today control the bulk of Morocco's industrial, financial and agricultural holdings.

Morocco can thank the International Monetary Fund and

Arab Economic Restructuring

the World Bank for the implementation of reforms which, since 1983, are slowly bringing the country's foreign trade rules, state monopolies and agriculture into the second half of the 20th century.

The state budget deficit has been cut from 12 per cent of gross domestic product seven years ago to an estimated 4.5 per cent in 1989, while outstanding state domestic arrears have been reduced from 4.9bn dirham (£368m) to Dh2.7bn. State subsidies for staple foods have fallen by nearly half to Dh1.27bn.

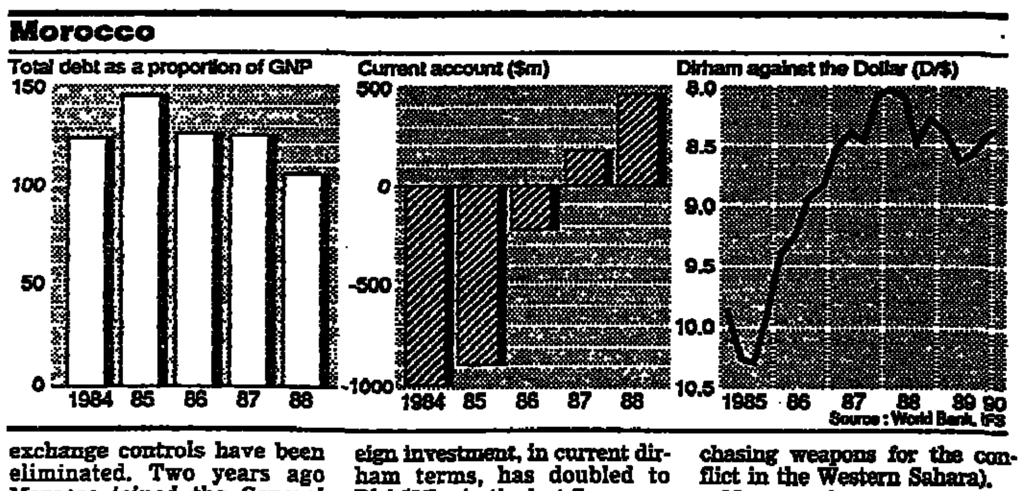
Increases in public utility *tariffs such as water have been* running at between 10 and 20 per cent annually, thus allowing the Office National de l'Eau Potable to increase investment from zero between 1977-1981 to Dh1bn last year, 40 per cent of which is financed from its own funds. Other state offices *such as that managing* the ports have been completely overhauled.

The volume of trade in current terms has increased from Dh25.5bn to an estimated Dh44bn, though this figure is less significant than it may appear as many exports remain dependent on imported inputs, notably in the textile, leather, phosphoric acid and fertiliser sectors.

The Kingdom today exports a far broader range of goods – clothes, processed fruit, vegetables and fish as well as downstream products produced from phosphate rock (phosphoric acid and fertilisers) – than at the time of the first IMF standby credit which was offered to Morocco in the autumn of 1980.

Equally important is the liberalisation of foreign trade. Less than 10 per cent of imports today require licences compared with 70 per cent in *1983, while most foreign*

Morocco



exchange controls have been eliminated. Two years ago Morocco joined the General Agreement on Tariffs and Trade.

The net result of all these reforms is the encouragement it is providing to foreign companies to set up shop in Morocco. Albion and Coates of the UK have recently joined Courtaulds which is expanding its capacity in Morocco. Trust House Forte has recently joined Sheraton, Hyatt and Holiday Inn, private United Arab Emirates interests have bought hotels. Net private foreign investment, in current dirham terms, has doubled to Dh1.056bn in the last five years and looks set to continue on this upward trend.

Evidence is thus plentiful to suggest that the oldest monarchy in the Arab world is making real progress as it restructures its economy. Since 1980 it has received considerable financial backing from the IMF, the World Bank (which commits $300m-500m worth of new loans every year), France, Spain and Saudi Arabia (though help from the latter has tended to go towards purchasing weapons for the conflict in the Western Sahara).

Morocco's economic strengths include possession of the world's richest phosphate reserves, a large though insufficiently skilled workforce willing to work for wages about one-fifth those of their European counterparts, a tourist sector which earns $1bn annually, rich fishing grounds off the Atlantic coast and a farming sector which is far more developed than those of most Middle Eastern and African countries.

Despite these natural riches and the efforts at reform made since 1983 the performance of the economy remains dependent on crude oil and phosphate prices, interest rates and the level of rainfall. Thus the exceptionally good performance of 1988, which saw gross domestic product grow by 10.4 per cent was not repeated last year when the increase was a more modest 5 per cent, about twice the rate of population growth.

The sluggish growth of manufactured exports, sales of clothes and textiles abroad declined, remain too dependent on the French market while a trade dispute with India, Morocco's largest phosphoric acid client, cost Morocco between $250m-300m and helped push up the trade deficit from the 1988s figure of $1.1bn to at least $1.5bn.

Foreign reserves reached their best level in a decade a year ago and do not appear to have undergone any big change. Workers remittances and tourist receipts are earning the country about Dh21bn a year.

Morocco is thus not yet on the road to self-sustaining growth. Five weaknesses stand out:

- A high rate of population growth, though the birth rate has declined to 2.7 per cent a year, with two thirds of the new entrants into the labour market every year unable to find a job.
- A bloated and *inefficient* public sector.
- The need for further efforts to increase the revenue of the state, the bulk of which is drawn from indirect taxation or the taxing of the salaried classes.
- The difficulty of access to land for industrial use, especially in Casablanca, the country's economic capital.
- A heavy burden of foreign debt estimated at $21bn. Western governments, which hold the bulk of the debt, agreed in October 1988 for the fourth time to reschedule Morocco's pre-1983 debts on favourable terms. But renewed balance of payments difficulties suggest the government will have to seek further rescheduling.

Morocco's economic performance in 1988 witnessed growth rates far in excess of those of other heavily-indebted countries, but much needs to be done before its new confidence does not amount to over-confidence.

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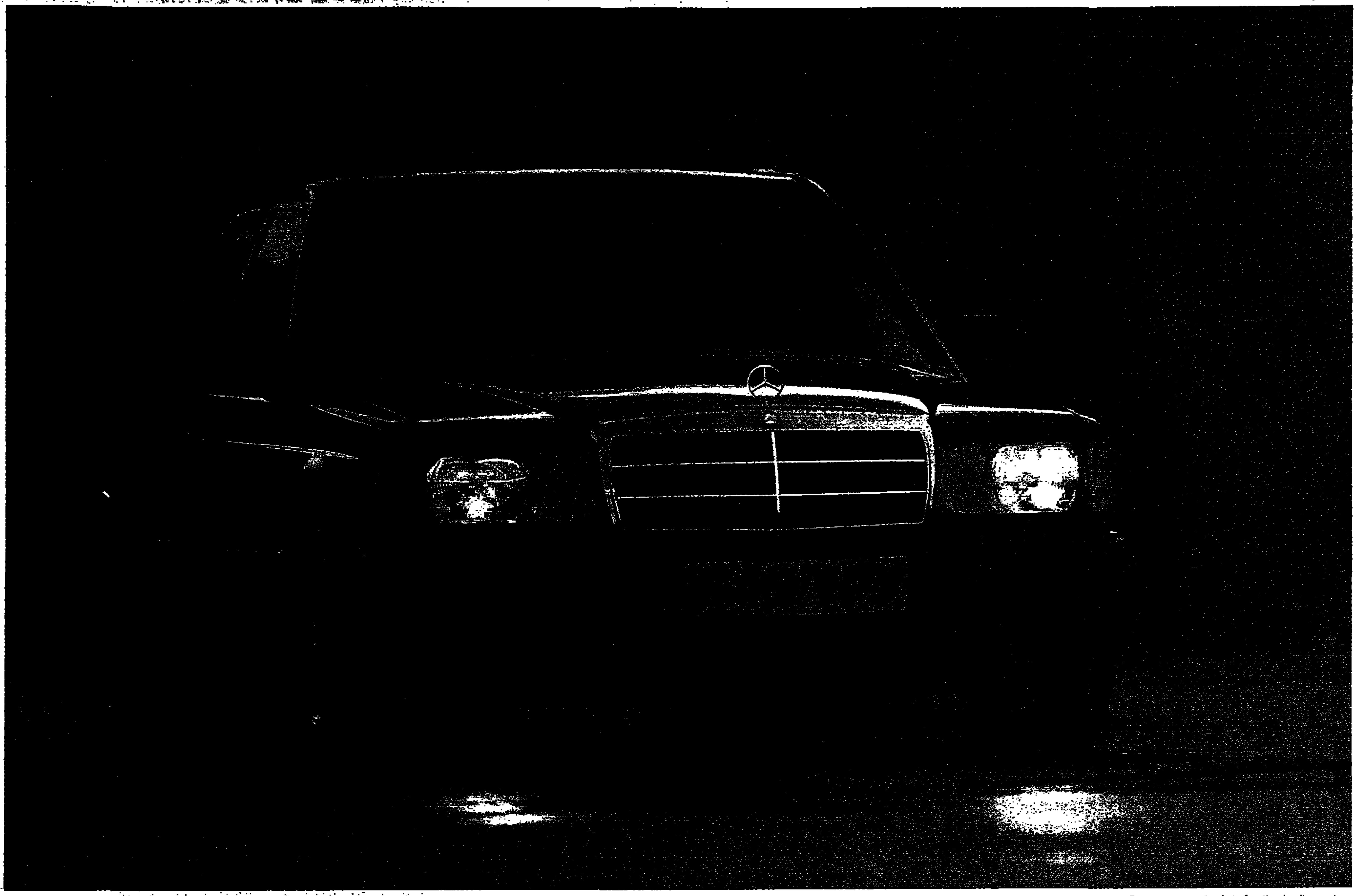

Mercedes-Benz 190E equipped with the Sportline handling package

Mercedes-Benz introduce some rather advanced options for the advanced driver

If your idea of a great car is one that settles assuredly into fast sweeping curves, that devours switchbacks and B-roads with easy authority, then the Mercedes-Benz 190 series has already caught your mood.

But now the compact 190 can offer handling that's sharper than ever before, a nose that's more obedient, suspension that will relish the tightish left-hander you're lining up.

New Handling And Seating Options

This is because the 190 series now has even more aces up its sleeve: the optional Sportline suspension and interior packages, for instance, that complement the style of the more experienced driver. Tauter damping, 20% stiffer springs, more direct steering, wider alloy wheels, fatter low-profile tyres. The body sits 20mm lower, too, because lowered centre of gravity is an integral part of the handling package.

And inside? You can specify Sportline seats, front and rear. They're tailored to give the added lateral support you'll want in a car whose cornering performance is so much more eager.

Completing the Sportline option are a smaller, leather-covered, steering wheel and leather-covered gearshift.

Sportline's dynamics have been inspired by that most sensible of sports saloon cars – the 190E 2.5-16, the fiery 190 range leader that already delivers every performance punch the advanced driver could wish for.

And the sharper handling responses of Sportline-equipped cars, indeed of all 190 series models, are also enhanced by manual or automatic gear ratios that are ideally suited to the give and take of everyday driving.

Sense And Sensibility

No design improvement was ever introduced to any Mercedes-Benz model that didn't appeal at least as much to the head as the heart. Thus Sportline is engineered for those whose driving style demands an extra margin of handling finesse.

But that's only part of the 190 story. No matter how you exercise your motoring options, there's a 190 model that'll catch your mood too.

World Sports Car Champions 1989

Engineered Like No Other Car In The World.

CONSORTIA EXPECT £450m IN ORDERS FOR EUROPEAN FIGHTER AIRCRAFT

Smiths Industries wins EFA deals

By David White, Defence Correspondent

ORDERS worth £450m are expected to flow from development contracts won by Smiths Industries of the UK, in collaboration with European parters, for avionics to equip the planned European Fighter Aircraft (EFA).

The British company yesterday announced a series of development contracts, amounting to £45m, awarded to consortia in which it has a leading role.

The biggest of these is for multi-function display screens which, in sets of three, will replace the traditional instruments for flight and navigation data. Smiths, heading a team including the West German VDO group, Aeritalia-GST of Italy and Inisel of Spain, won this contract against its UK rival, Ferranti International.

Other deals include digital control units for the EJ200 engine being developed for the aircraft.

Under the work-share arrangements in place for big EFA contracts, the direct value to Smiths is expected to be at least a third of the total. The company said it expected further contracts, worth eventually another £30m, to be signed in the next few days.

British Aerospace, the UK partner in the Munich-based Eurofighter company, has overall responsibility for the avionics under the £5.5bn development programme.

Production of the 765 aircraft planned by the four countries would bring the total value of the project to about £22bn.

According to Eurofighter, about two thirds of the subcontractors, expected to number more than 270, have already been selected.

But some key elements remain to be decided, including the electronic warfare system and, above all, the radar, the subject of disagreement between the two main participating governments, the UK and West Germany.

The two countries' defence ministers, Mr Tom King and Mr Gerhard Stoltenberg, are expected to discuss next week the possibility of a "split procurement" whereby the UK and possibly Italy would develop a Ferranti-led radar, while West Germany and possibly Spain would back a version of a US Hughes radar, through a consortium headed by the Daimler-Benz subsidiary Telefunken System Technik.

Government estimates are thought to put the extra cost of this solution to the UK and West Germany at about £200m each. The need to develop other sub-systems separately as a result of having different radars would add to this cost.

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Gatt warned over curbs on import surges

By Peter Montagnon, World Trade Editor

THE GENERAL Agreement on Tariffs and Trade should resist pressure to allow its members to erect selective barriers against sudden surges of imports, a senior Gatt official said in London yesterday.

Such a rule change, for which the European Community and some other industrial nations have been pushing, would make it too easy for protectionism to spread, said Mr Charles Carlisle, Gatt's deputy director-general.

His remarks, to a conference organised by the Royal Institute for International Affairs, were outspoken for a top Gatt official and touch the heart of a serious controversy within the Uruguary Round of *multilateral trade negotiations. Under* Gatt's safeguard rules, barriers may be erected against sudden surges in imports but only on a non-discriminatory basis.

The EC has taken the lead in pressing for the right to introduce safeguard measures on a selective basis against individual countries as a condition for unwinding the Multi-Fibre Arrangement, which governs trade and textiles.

Without such a change, it fears that its textile producers will be unwilling to abandon the elaborate quota system that applies to trade in this sector.

Mr Carlisle told the conference Gatt should stick closely to its principle of non-discrimination in safeguards. Governments should also refrain from using anti-dumping procedures, which are permitted under Gatt, for protectionist purposes.

Negotiations on modified anti-dumping rules are taking an increasing importance in the Uruguary Round, he said.

"There is a possibility that the way in which dumping margins are calculated could be changed."

Crackdown on Japanese clothing manufacturer

By Robert Thomson in Tokyo

OFFICERS of Japan's Fair Trade Commission (FTC), the anti-monopoly body, yesterday raided the headquarters and affiliated companies of Gunze, a leading clothes maker, after allegations that the company punished retailers who offered discounts on its underwear products.

The raid is one of several organised in recent weeks by the commission, and follows pressure from the US Government for Japan to crack down on monopolies, which Washington says have restricted the access of foreign goods to the Japanese market.

A senior commission official said the raid on the Osaka headquarters of Gunze and 19 related offices followed claims that the company had ordered a retailer to end a 20 per cent discount offer on men's underwear and then stopped supplying its products.

Gunze said: "We are confident that we are not guilty and await the outcome of the investigation."

The company said it could not stop wholesalers from supplying retailers, and had encouraged discount houses to sell more of its products.

Joint ventures with East Europe pass 3,300 in 1989

By Anthony McDermott

THE NUMBER of joint ventures registered in the European countries of Comecon and Yugoslavia soared to 3,345 by the end of 1989, according to figures compiled by the Geneva-Based UN Economic Commission for Europe (ECE), which monitors East-West trade.

This preliminary assessment by ECE confirms trends recorded in its newsletter, East-West Joint Venture News, for the first 9½ months of 1989. In those Comecon countries alone (Soviet Union, Hungary, Poland, Czechoslovakia, Bulgaria and Romania) foreign investment registrations were reckoned to have reached 2,090 by mid-October compared with 165 at the beginning of 1988 and 1,375 at the end of June 1989.

At the same time, about 1,000 joint ventures were registered in the Soviet Union, compared with 23 at the beginning of 1988 and 700 in June. In Hungary, the rise was from 102 at the start of 1988 to 600 in mid-October. The growth rate was even higher in Poland, where in the 21-month period the number of foreign investments surged from 13 to 400.

Growth in registrations in Czechoslovakia was less spectacular from seven to 50. Bulgaria registered an increase from 15 to 35. No new joint ventures were registered in Romania.

A weakness of ECE's assessments is that its statistical material is based on reports received from institutions in Eastern Europe. This can often lead to an over-optimistic picture of the size of investments, capitalisation, numbers employed and joint ventures actually in operation.

In the ECE survey of the Soviet Union, where the first decree legalising joint ventures was issued in January 1987, 929 had been registered by end of September 1989, compared with 168 at the end of 1988. Of these, 150 were already in operation, employing some 15,000 people. In cumulative terms, capitalisation had reached roubles 2.45bn (£2.46bn) – a three-fold increase in 1989 alone – of which the equivalent of $1.62bn was in foreign capital.

Over this period, the average size of statutory capital per venture fell from roubles 6.9m in 1987 to 2.2m during the first nine months of 1989. The average foreign contribution fell from $3.9m in 1987 to $2.5m in 1988 and to $1.5m at end-September 1989. The foreign share rose to 43.3 per cent in those registered in 1989 compared with 34.9 per cent in 1987.

After the law was relaxed in December 1988 to allow foreign partners to hold majority shares, 65 companies were registered in which foreign partners could hold more than 50 per cent of the statutory capital. In 19 joint ventures foreign participation is more than 60 per cent, and in six others more than 70 per cent.

Of the 929 ventures, the EC provided 327 partners, European Free Trade Association (Efta) 247, planned economies 88, the US 86 and, further down the list, Japan 18. In terms of foreign capital contribution, the EC provided 38.3 per cent, Efta 19.8 per cent, planned economies 11.2, the US 11.8 and Japan 2.1 per cent.

Manufacturing (with the accent on the production of office equipment and computers) accounted for 48.8 per cent of the joint ventures and 60.1 per cent of the foreign capital, while business services took 22.6 per cent (but only 7.6 per cent of the capital), hotels and restaurants 7 per cent (8.5 per cent) and trade 4.6 per cent (9.2), and construction 3.3 per cent (3.5).

Minolta Camera's subsidiary in Austria has established a joint-venture company in the Soviet Union for marketing copiers and other Minolta products, Minolta said yesterday, AP-DJ reports from Tokyo.

This is the first joint venture between Japanese and Soviet companies dealing with business machines.

Minolta said the new company, Minolta Trading Ukraine – 33 per cent owned by Minolta – had been set up in Kiev together with Ukraine's foreign trade corporation, Ukrinvaljuttorg, which operates 21 dollar shops in eight cities

Hungary suspends rouble trade licences

HUNGARY yesterday suspended all licences for exports denominated in roubles in what looked like a bid to divert goods away from the Soviet-led trade bloc Comecon and earn hard currency to help ease its debt burden, Reuter reports from Budapest.

The trade ministry said it would review and revise all export licences and contracts for the trade in non-convertible roubles on a case by case basis, Hungary's MTI news agency said.

Hungary, one of the most advanced of East bloc nations now on the road to a market economy, is struggling to finance a $20bn debt, the highest per capita in eastern Europe.

About half its exports go to the rouble area and it has chalked up a huge rouble surplus.

Mr Tamas Beck, trade minister said the surplus was too much of a burden for Hungary's ailing economy and was tantamount to an interest-free loan.

"What happens in effect is that Hungary actually finances rouble exports with western loans obtained with growing difficulties," MTI quoted him as saying.

According to preliminary figures, Hungary registered a rouble trade surplus of more than 1bn roubles $1.6bn last year.

MTI said the surplus in just the first two weeks of this month reached a "dramatic" 250m roubles ($410m).

Hungary's economic programme for 1990 foresees a Rbs1.5bn ($2.5bn) cut in its non-convertible trade balance in order to maintain creditworthiness and improve the budget balance.

"It seems though that the cut cannot be achieved only by economic policy measures," MTI said.

Hardest hit will be the engineering industry, which accounts for two-thirds of Hungarian exports to the rouble trade bloc.

The suspension included export quotas in 1990 inter-state agreements within the Soviet-led trading bloc Comecon, MTI said.

Since its foundation in 1949 Comecon has controlled its members' trade through a barter system dominated by Moscow.

In Sofia last week Comecon prime ministers took the historic decision to move from rigid central planning to a market-based trading system but members were divided on how far and how fast to proceed.

Comecon finance ministers meeting in Prague this week agreed the bloc should introduce accounting in convertible or national currencies as soon as possible.

Aeroflot plans deal to lease Airbus aircraft

By Quentin Peel in Moscow

AEROFLOT, the Soviet national airline, has announced that it hopes to sign a leasing agreement for the purchase of five A-310 Airbus aircraft next week, confirming its success in finding the necessary finance for the deal.

Mr Vladimir Samorukov, head of the international commercial department of the Soviet Ministry of Civil Aviation, said that the aircraft – the first from the West to be bought by the airline – were needed to cope with a sharp increase in demand for international air travel because of the country's growing foreign economic links.

According to the airline's own statistics, it has failed to carry up to 15m passengers a year because of lack of capacity.

Deliveries of the Soviet-manufactured Ilyushin 96-300, supposed to have taken place in 1988, have been postponed to 1990-91.

The short to medium range Airbus aircraft, which are manufactured in Toulouse, France, using components from West Germany, Spain and Britain, will be supplied in 1991.

The only details given of the leasing agreement are that its duration will be for full payment within 10-12 years.

In addition to the initial five aircraft, the Soviet airline has an option to purchase a further five more.

American Airlines judged best carrier for catering

By David Churchill, Leisure Industries Correspondent

AMERICAN AIRLINES, the US air carrier, was yesterday judged to offer the best food and wine of any international airline in a test involving the top 10 airlines for business travellers.

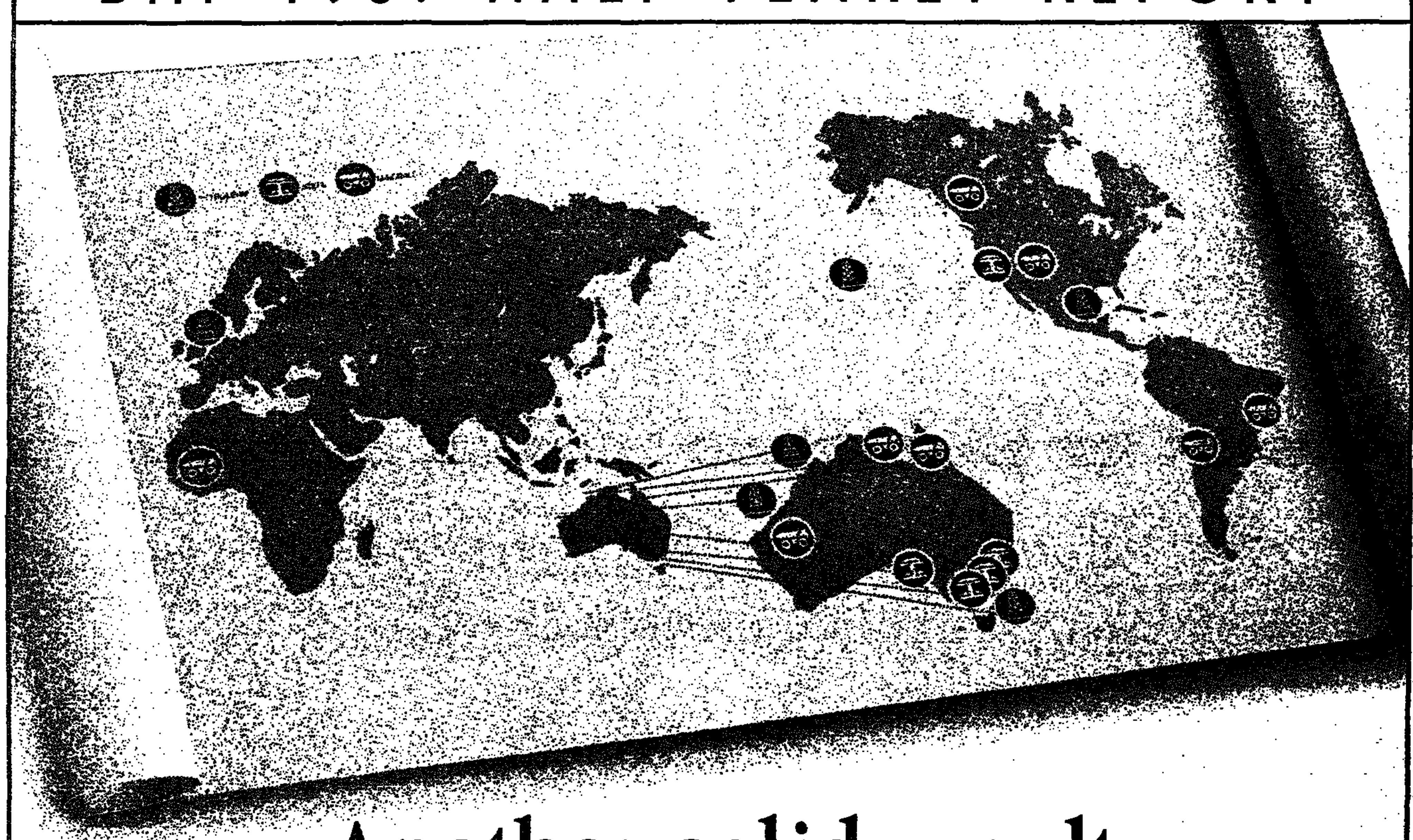
Eight judges, including some of the world's leading chefs, sampled typical airline menus in a "blind" tasting carried out at London's Heathrow airport and organised by Business Traveller magazine.

American Airlines, which entered the annual competition for the first time, was judged to serve the best food and wines by a large margin from Singapore Airlines, the winner last year.

British Airways was joint third along with Thai International airlines. Virgin Atlantic, voted the best business airline on the North Atlantic by readers of Business Traveller last year, came bottom.

American Airlines' winning menu included lobster fajita with tomato salsa and chocolate marquis mousse. The wine served with the meal was Mondavi Fume Blanc 1987.

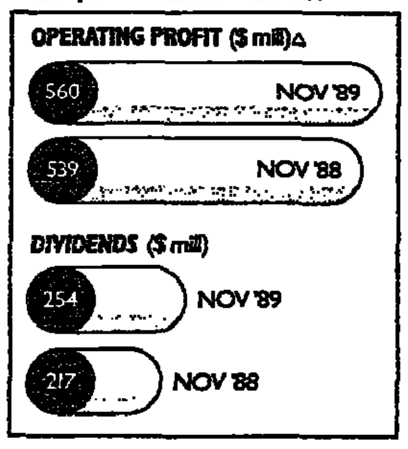
BHP 1989 HALF YEARLY REPORT



Another solid result from one of the world's leading resource managers.

BHP's performance during the half year ended November 1989 again produced a solid result reflecting firm demand, higher prices and improved productivity.

Group profit for the half year was $560 million† on an operating revenue of $7 billion. The November dividend to shareholders was 17.5 cents per share. These figures reflect the underlying strengths of BHP's operations, and they have been achieved despite higher interest rates. During this period investments to expand and upgrade the Company's asset base continued.



STEEL

A strong demand for steel products in Australia produced record sales for the half year. Significant productivity gains and a trend to added value products have contributed to this group's results. Exports were increased.

MINERALS

Strong world prices in all major product categories have continued to drive the success of the Minerals business. The construction of the Escondida copper mine in Northern Chile is progressing well.

OPERATING PROFITΔ CONTRIBUTION BY SEGMENTS

($ mill)	HALF YEAR NOV '89	NOV '88
STEEL	294	260
MINERALS	274	190
PETROLEUM	167	140
CORPORATE ITEMS	70	121
NET INTEREST	(245)	(172)
TOTAL	560	539

PETROLEUM

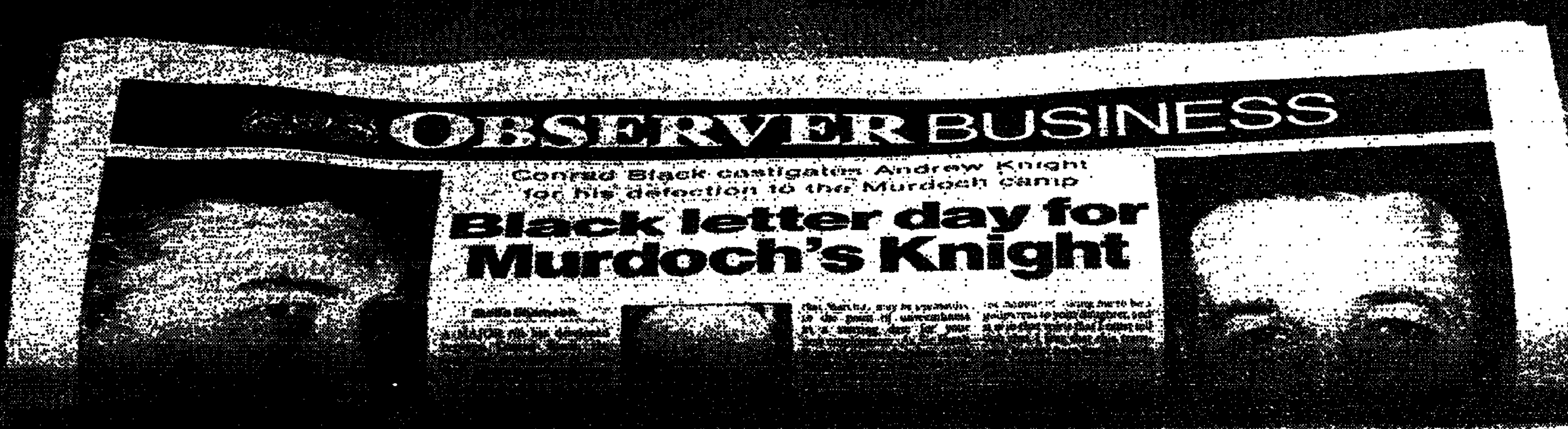
Firm world oil prices have produced an improved result from this unit. The result includes a contribution from refining and marketing by Pacific Resources Inc. Deliveries of LNG to Japan began in August. Challis, the second Timor Sea oilfield, began production in December.

For further information, please contact Dr Brian Belcher, Corporate Representative Europe, The Broken Hill Proprietary Company Limited, 90 Long Acre, London WC2E 9RA.

BHP
Australia's International Resources Enterprise

†All figures in $A. Δ Before minorities and extraordinary items.

This Sunday, the Observer's Business Section will be expanded, restructured, hived-off, unbundled, demerged, leveraged-out, floated and massively over-subscribed.



Sharp slowdown in Britain's productivity growth

Government claims large pay deals put jobs at risk

By Peter Norman, Economics Correspondent

MR Michael Howard, the recently appointed Employment Secretary, yesterday warned that large pay claims could jeopardise job creation and falling unemployment in Britain.

Speaking after the publication of official figures showing a modest drop in unemployment and a sharp slowdown in productivity growth, Mr Howard warned that a sharp rise in British unit wage costs "inevitably puts jobs at risk."

The Department of Employment said yesterday that wages and salaries per unit of output rose by an average, seasonally adjusted 9.6 per cent in the British economy in the third quarter last year compared with the same period the year before. This compared with annual increases of 8.7 per cent in the second quarter and 6.9 per cent in the third quarter of 1988.

At the same time, productivity, as measured by output per head, grew by only 0.1 per cent in the whole economy between the second and third quarters of last year. Productivity growth slowed to an annual 0.6 per cent in the third quarter from 1.2 per cent in the three months before and increases of around 3 per cent in 1987.

Mr Howard pointed out that British unit wage costs are rising faster than in major competitor nations. He said the downward trend in unemployment – it fell in December for the 41st consecutive month – had begun to ease as Government measures to reduce inflation took effect.

December's unemployment total of 1.635m was the lowest for more than nine years. But Mr Howard warned: "Further progress with reducing unemployment and creating jobs will depend on moderation in wage costs."

Official figures yesterday showed unemployment fell by a seasonally adjusted 17,100 in December, cutting the unemployment rate to 5.8 per cent from November's 5.9 per cent. The fall in the seasonally adjusted jobless figure in December was the smallest monthly drop since January 1987.

The Employment Department also announced that average earnings in the year to November increased by an underlying, seasonally adjusted 9.25 per cent, unchanged from the October rate. November was a month with no notable pay settlements.

Both the drop in unemployment and the rise in average earnings were in line with City of London expectations. But Ms Evelyn Brodie, senior UK economist at merchant bank Morgan Grenfell, said the third quarter unit labour cost figures were "very bad news." She said: "If companies are facing such higher costs, they have a choice between lower profits, higher prices or firing people."

However, there was no sign yesterday of any let up in the current round of high wage claims as leaders of 750,000 local government white collar workers lodged a claim for a flat rate £1,500 a year pay rise. That would mean rises ranging from 20 per cent for the lower paid to 7 per cent for senior officials.

Cash bids leave UK as net equities seller

By Rachel Johnson

A SERIES of cash bids totalling £4bn in the third quarter of 1989 left British financial institutions as net sellers of UK equities for the first time since 1974.

The institutions sold £500m of UK shares while in an average quarter they buy equities worth around £3bn. Last year they shunned the UK markets and sought exposure abroad - where they invested a record £4.8bn in shares, according to the latest figures for institutional investment released yesterday by the Bank of England.

In sharp contrast to 1974, however, the disposal of UK equities was a result of takeover activity and very large cash bids, notably Hanson's bid for Consolidated Gold Fields in May. This resulted in £2.2bn shares being exchanged for cash in September 1989. Pension funds alone sold £1.5bn worth of UK shares.

"In 1974, the institutions were net sellers because they were forced to sell their way out of a falling market," said Mr Mark Brown, economist at UBS Phillips and Drew.

The takeover activity last year, in contrast, created "thoroughly exceptional" circumstances and excessive liquidity.

Despite heavy buying of overseas equities, and less shedding of gilts, institutions' cash holdings rose by £2.5bn in the third quarter, compared to £1bn in the first half of the year. With institutions cash rich from the sale of stock, "natural sellers" of UK equities became "extinct." Mr Brown said: "This helps explain the take-off in UK equities in December and the new year."

Pension funds invested an unpredecented £2.4bn in overseas equities, while disposing of £1.6bn of UK company securities such as corporate bonds. These, like gilts, look less attractive to investors in times of high interest rates.

Also as a consequence of the high returns available in high street banks, institutions concentrated in short term assets, where they invested £2.8bn. Of that, some 80 per cent represented increases in holdings of cash and bank deposits.

The investment of long-term insurance funds at £4.5bn, was the largest amount on record, and reflected the growth of contributions to personal equity plans.

Ford unions expect close result in strike vote

By John Gapper, Labour Editor

FORD UNION leaders are expecting a close result in the vote by the company's 31,800 workers next week on whether to go on indefinite strike.

The company's 7,900 skilled workers are thought likely to be the most strongly opposed to the company's pay offer.

However, both union leaders and Ford managers regard the result of next week's ballot on the final pay offer - worth 10.2 per cent in the first year of a two-year deal - as less predictable than the earlier industrial action ballot.

The semi-skilled workers forming the majority of the workforce are thought to be less eager for a strike because the conditions for lineworkers to gain extra increases are likely to be less stringent than for skilled workers.

Workers at Ford's Bridgend engine plant yesterday called off their unofficial strike to wait for the result of next week's ballot.

Production at the company's Halewood plant in Cheshire, however, remained halted by an unofficial strike of 400 maintenance craftsmen. The strike has caused the lay-off of 6,000 other Ford production workers at Halewood.

Ford has lost £40m of output this week because of unofficial strikes. Union leaders have called for workers to wait for the outcome of next week's ballot, to start on Tuesday at the company's 21 UK plants.

Ford managers expect the strongest votes in favour of action to be at the company's engine and vehicle production plants at Dagenham, Halewood, Bridgend and Southampton plants, where larger proportions of craft workers are employed.

Craft workers have been vociferously opposed to the company's two-year offer of 10.2 per cent in the first year and inflation plus 2.5 per cent, or a minimum 8 per cent, in the second year.

Thatcher strives to quell poll tax revolt

By Michael Cassell, Political Correspondent

MRS Margaret Thatcher yesterday attempted to quell a Tory rebellion in the House of Commons over the implementation of the community charge, or poll tax, by calling on her backbenchers to direct their criticism at high-spending Labour councils.

The Prime Minister's suggestion that Tory MPs should "reserve their firepower" for extravagant local authorities came as ministers and Government party organisers made final efforts to quell a threatened backbench revolt on a vote to approve the levels of central government funding for councils in 1990-91.

In the Commons, ministers faced repeated criticism over the tax from Tory MPs. Some described it as fundamentally flawed and called for it to be scrapped, underlining deep unease within the party about the electoral impact of the tax when it is introduced in England and Wales in April.

Mr Chris Patten, the Environment Secretary, nevertheless failed to heed Tory MPs' demands for further concessions on the so-called safety-net arrangements, intended to soften the impact on charge payers losing out under the changeover.

Mrs Thatcher faced angry accusations in the Commons from Mr Neil Kinnock, the Labour opposition leader, that the Government was guilty of "incompetence and deception" in introducing a tax which was "absurd and dishonest".

The Prime Minister, who confronted Labour jeers when she inadvertently referred to the "poll tax", said people would recognise it as a more fair and more accountable system once it was working.

Mrs Thatcher, who attacked Labour for having produced no alternative, staunchly defended the unified business rate. She stressed that the Midlands and the north would benefit by £900m over five years, during which time the south would be helped to make the transition to the new system.

Facing repeated interventions from his own benches, Mr Patten offered no improvement on the transitional arrangements limiting the increase in payments per head. He did appear to leave the way open for a reappraisal of the new method of assessing the level of central government assistance to councils.

New Lingua scheme cash

The GOVERNMENT is to set up special offices in London, Edinburgh and Belfast to coordinate the Lingua programme, a European Community initiative designed to improve EC citizens' knowledge of each other's languages.

Mrs Angela Rumbold, Minister of State for Education, announced the programme last night. It will cost the Government £130.000 on top of its £23m contribution to the £130m cost of the five-year project.

The EC budget will provide grants to improve language training in smaller companies through a system of foreign exchanges and the development of vocational language qualifications with other member states.

Other aspects of the scheme include sending trainee language teachers abroad to improve their oral skills, support for more student exchanges, and increasing the foreign language content on business, technical and vocational courses.

Last year, Britain and West Germany vetoed proposals to extend the scheme to make it compulsory for pupils in all EC schools to learn two foreign languages.

Under the new national curriculum, all 11-16 year olds will be required to study a foreign language. The Government hopes this will improve British competence in languages.

IN BRIEF

Glaxo to set up sales arm for E Europe

Glaxo, Britain's biggest drugs company, is setting up a new subsidiary based in London to explore sales of pharmaceuticals in Eastern Europe. Dr Ernest Mario, chief executive, said he had no specific objectives for the new company in the short term, but felt the potential for sales in the region were considerable.

Steel output falls

Britain's output of steel totalled 18.74 million tonnes last year, a fall of 1.1 per cent on the level of the previous year. The 1988 output, at 18.95m tonnes, was the highest production for nine years. Part of the small drop in output was caused by mechanical problems which shut one of British Steel's blastfurnaces.

Safety warnings on ham

Packets of Plumrose chilled ham are being withdrawn from shops after sample packs were found to contain listeria bacteria. Production of five brands has stopped at the company's factory in King's Lynn, Norfolk, for a food safety investigation.

British Gas strikes oil

British Gas has discovered oil at Beckering, about 10 miles north-east of Lincoln. A well, drilled to a depth of 5,000 feet, flowed at 120 barrels a day. British Gas intends to proceed with a long-term test of the well which will determine whether it can be developed commercially, subject to planning consent.

Green policy urged

The Government is ready to back British companies which help Third World countries avoid the threat of a thinning ozone layer, Lynda Chalker, Minister for Overseas Development, said at a conference in London on corporate environmental policy.

Smithkline cuts 80 jobs

Smithkline Beecham, Anglo-American drugs and consumer-products company, is to make 80 people redundant at a drinks factory in Coleford, Gloucestershire. The redundancies arise from an £8m investment programme in new machinery at the factory which will reduce the need for workers.

Computer family grows

International Computers, the UK's largest information systems supplier, announced a family of systems developed in collaboration with AT&T, the US telecommunications company, and Sun Microsystems, the leader in high performance workstations, which it says sets new standards for price and performance in the mid-range market.

Small returns

Small company shares returned some 25 per cent less than the FT-Actuaries All-Share Index last year, according to brokers Hoare Govett.

Electric bolts to power Anglo-US gun

By David Fishlock, Science Editor

INVITATIONS to industry to bid for parts of a radically new kind of gun, fired by bolts of electricity instead of explosives, are expected to be announced by the Ministry of Defence in the next month.

The demonstrator electromagnetic tank gun will be assembled at Kirkcudbright in Scotland, for a three-year Anglo-US defence research programme expected to cost some tens of millions of pounds.

Key components include a gas turbine, a 60 megajoule homopolar generator, switchgear and a novel design of gun barrel.

The project could lead to a new tank gun with much greater armour-piercing power by the end of the century, a senior MoD scientist has forecast at the Institution of Electrical Engineers.

The demonstrator, to be installed at an MoD artillery range on the Firth of Forth, is being funded equally by the MoD and the Pentagon's Defence Advanced Research Projects Agency.

An electrical pulse of up to 5,000kW will be unleashed to propel a projectile up to six inches long - the length of current armour-piercing darts - along tracks in an electromagnetic railgun. It is expected to be able to fire several shots a day.

It is to be installed during 1992 and used to investigate the accuracy and penetrating power of the new weapon concept.

Among British companies involved in the programme are Rolls-Royce with compact gas turbines for generating the power, Northern Engineering Industries with generators and switches for delivering power in big pulses, and Hunting Engineering with novel munitions.

The MoD programme, running since the early 1980s, has made unexpectedly rapid progress in the past two years in miniaturing the main components.

Call for big reform of law on contracts

By Robert Rice, Legal Correspondent

THE LAW Commission has called for a change in the law to allow the courts to apportion damages awarded for breach of contract where both parties are at fault. The change would have far reaching effects on all consumer and commercial contracts.

Under the present law apportionment of damages is not possible in the absence of negligence and where the defendant is liable only for breach of contract. Where one party is in breach of contract and the other party is also at fault the winner of the dispute takes all regardless of the fact that they are both to blame.

By contrast, under general law of negligence, a person who, for example, fails to wear a seat belt and is injured in a car crash caused by the driver's negligence will have their damages reduced. This reflects the fact that both sides are to some degree responsible for the extent of the injuries.

Calls for reform to increase the role of apportionment in contract cases have come from a number of professional and judicial bodies recently including the 1989 Report on the Review of Banking Services Law chaired by Professor R B Jack and the 1989 Report of the Auditors Study Team on Professional Liability.

The Jack Report noted disquiet among the banking community that the present law was unduly favourable to the customer. Under present law customers owe two duties to their banks: a duty to refrain from drawing a cheque in a manner which may facilitate fraud or forgery; and a duty to inform the bank of any forgery of which they have knowledge. Customers who fail to observe either of these duties cannot recover from the bank if it debits their account as a result.

Disquiet in the banking community came to a head in 1986 following the Tai Hing Cotton Mill case in Hongkong. Tai Hing's account clerk had forged cheques of HK$5.5m over six years. When the fraud was discovered, Tai Hing successfully recovered the money from the Liu Chong Hing Bank. The court ruled that Tai Hing owed the bank no more than the two basic duties.

In evidence to the Jack Committee, however, the banking community questioned whether it was just for the bank to be wholly liable for the forged cheques which it could only have discovered by elaborate and expensive inquiries when Tai Hing could have prevented the fraud by elementary precautions.

The case led the Jack Report to recommend a change in the law so that in an action against a bank in debt or for damages arising from an unauthorised payment, the customer's contributory negligence could be raised as a defence where it would be unfair for the bank to bear the entire loss.

This view differs from the approach taken by the Law Commission in a number of respects. The commission believes the courts should be able to apportion damages in all cases based on contract where the plaintiff's conduct contributes to his loss. Whether it has or not would be for the court to decide on the facts in each case.

In the banking field therefore the proposals would not just operate in the bank's favour as the Jack Report proposed but in favour of the customer where, for example, a bank paid out on an altered cheque in circumstances where it ought to have discovered the fraudulent addition (under present law it would not have to) or where a customer fails to report a forgery he knows about but where the bank ought to have discovered the forged signature.

The change in the law would have wide application to all consumer and commercial contracts.

Contributory Negligence as a Defence in Contract, Law Commission Working Paper No 114, HMSO, £3.50.

Strasbourg condemns UK's handling of ambulance strike

By Tim Dickson and Fiona Thompson

THE European Parliament yesterday gave its moral support to UK ambulance staff in a gesture that predictably infuriated British Conservative MEPs.

A special resolution of the Strasbourg assembly – passed with 105 votes in favour, and 45 against – condemned the Government's handling of the dispute and called for independent binding arbitration.

The motion expressed "alarm at the willingness of the British Government to suppress the rights of a major group of public sector workers," and noted "the overwhelming support of the British people for the ambulance workers."

It called on the Government to recognise the need for independent binding arbitration, as well as existing machinery, to bring about "a speedy and honourable" settlement and expressed support for the ambulance workers' demand for an automatic pay-fixing mechanism in future wage negotiations.

The motion also expressed "regret that the UK Government's opposition to the maintenance of basic workers' rights has resulted in the erosion of UK labour law and has thwarted EC endeavours to improve the situation of workers throughout the Community." The UK was the only member state not to sign the charter of basic rights at last month's EC summit.

In London yesterday, crews at two more stations went on unofficial strike, joining colleagues at Tottenham which has been out since Tuesday.

In Essex, nine of the county's 30 ambulance stations were on all-out strike and staff at others in the south of the county have locked themselves in in protest. Crews at two stations in Sussex were out.

In Scotland, the Scottish Ambulance Service management claimed only 154 of the country's 1,900 ambulance staff were working normally.

And in Wales, police and army vehicles look set to be called in for the first time because of a row over the docking of ambulance crews' pay.

New call for public account of Porton research contract

By Peter Marsh

MR Kenneth Clarke, the Health Secretary, yesterday came under renewed pressure to explain the circumstances of an agreement in 1985 between an important Government research laboratory and Porton International, a biotechnology company backed by £76m from private investors.

MPs from both the Labour opposition and the Conservative party voiced their disquiet in the wake of a disclosure that an official working party set up by the Health Department in 1984 recommended against the Government finalising the deal with Porton.

At the same time Mr Charles Stevens, a retired drug-industry executive who headed the government team which negotiated the agreement with Porton, said he now regretted that the deal had gone ahead.

The accord was between the Public Health Laboratory Service (PHLS), part of the Department of Health, and Porton, which was set up in 1982 by Mr Wensley Haydon-Baillie, its chairman.

Under the agreement, which was ratified in 1985 by Mr Clarke when he was Health Minister, Porton was to commercialise inventions at the Government's Centre for Applied Microbiology and Research (CAMR), based in Wiltshire.

As part of the deal, which boosted the image of Porton in the eyes of City of London investors, the company had said it would build a new £20m fermentation unit at the research laboratory. In the event, the unit has not been built and Porton has slipped considerably both on its profits forecasts and on projected developments.

Mr Haydon-Baillie has made considerable gains from Porton. In 1986 he sold some of his shares in the company for £24m.

It has also emerged that Mr Clarke in 1985 ignored the advice of a Health Department working party not to conclude a deal with Porton over CAMR. Instead, the working party wanted the Government to leave CAMR in its current state.

Next stop on the high road to devolution

Plans for Scotland's independence could have far-reaching effects. By James Buxton.

THIS MORNING, in the Italianate halls of the City Chambers in Glasgow, Scottish politicians will attempt to recreate the confident atmosphere in which, nearly a year ago, they launched their campaign for a Scottish parliament.

It is the third session of the Scottish Constitutional Convention, a body consisting of MPs, MEPs, councillors, trade unionists and others who pledged themselves last March to draw up a blueprint for a Scottish parliament with which they intended to confront the Government.

The convention is boycotted by the Conservatives, who oppose devolution, and by the Scottish National Party, which wants outright independence. Business people have largely steered clear of it. Most of its members come from Labour and the Liberal Democrats, but that still means about 80 per cent of Scottish MPs. Opinion polls repeatedly show that only about 20 per cent of Scots are happy with Scotland's constitutional status quo.

The convention began impressively last year with its members signing the claim of right, proclaiming "the sovereign right of the Scottish people to determine the form of government best suited to their needs."

Since then its executive has produced a weighty document outlining options for a separate Scottish parliament. Some 350,000 copies of a leaflet summarising the arguments have been distributed and there have been many comments, though few from individuals.

But the convention's members know that they are now coming to the hard part: producing a convincing scheme on which Labour and the Liberal Democrat can remain united. Even if they can agree there will remain the question of how the convention pursues its campaign ("What happens when Maggie says no," in convention parlance).

While the convention's supporters draw analogies with the popular rebellions in Eastern Europe, hardly a demonstrator has taken to the streets in Scotland in support of a Scottish parliament. The running is all made by political activists, with the public represented primarily through opinion polls.

Canon Kenyon Wright, the silver-tongued cleric who chairs the convention's executive committee, confesses to "there not being as much (popular) enthusiasm as there might be." Yet what the convention has already broadly agreed on could, if implemented, have a profound effect not only on Scotland but ultimately on the rest of the United Kingdom.

It envisages a Scottish parliament taking responsibility for Scotland's internal affairs, such as education, health and local government (which would be reduced to a single tier). It would have the power to raise (or lower) taxation, unlike the Labour government's devolution scheme which failed to win enough support in a referendum in 1979. It could have powers over industry and regional aid.

There would be a Scottish prime minister or premier (David Steel, the former Liberal leader and joint chairman of the convention, said this week that he would like the idea of becoming prime minister himself) and an executive or cabinet. The post of Scottish Secretary in the UK cabinet would probably disappear.

DEVOLUTION CHRONOLOGY

1968 *Edward Heath declares Conservative Party support for Scottish assembly*

1977 *Labour Government's first devolution bill fails in committee*

1978 *Parliament passes act to set up Scottish assembly, if approved by vote of at least 40 per cent in referendum*

1979 *Scotland votes narrowly in favour of an assembly, but vote is too small to qualify; Conservatives win general election and drop devolution*

1987 *Conservatives win only 10 Scottish seats in general election*

1989 *Scottish Constitutional Convention holds first session in Edinburgh*

But there are three crucial issues on which the convention members are not agreed and which are particularly important for Labour.

First, there is the question of how a Scottish parliament relates to the Westminster parliament: the more powers a Scottish parliament took the less justification there is for Scotland to continue to send 72 MPs to Westminster. The most extreme proposal is that a Scottish parliament takes full sovereignty for Scottish affairs and hands back to Westminster responsibility for matters such as defence and foreign policy. In any case, why should the Scottish MPs be allowed to vote on matters such as education in Eastbourne when English MPs have no say on education in Edinburgh?

Labour, while promising Scotland an assembly if it wins the next general election, would be loth to see any reduction in the number and voting powers of Scottish MPs, since more than a fifth of its MPs come from Scotland.

The party's idea of creating regional assemblies in other parts of Britain can only be an answer in the long term. Aware of anxieties at Labour's London headquarters, party leaders in Scotland want to keep the convention's ambitions within bounds.

Then there is the question of how a Scottish administration would be funded. Public expenditure per head in Scotland is, at £2,675 in 1987-88, about £500 more than in England and Wales. If higher spending in Scotland continued to be financed by the Treasury block grant as it largely is now, other parts of Britain would complain if their MPs no longer had much say in Scottish affairs and lacked their own assemblies.

If, on the other hand, Scotland levied all its own taxes and paid Westminster a "precept" for services such as defence, taxes in Scotland would probably have to be higher than in the rest of Britain. Indeed they might be higher anyway under an assembly if it wielded its tax raising powers to supplement the grant from Westminster.

This is one reason why leading Scottish businesses are profoundly opposed to devolution. They also fear uncertainty, damaging conflicts between London and Edinburgh and loss of influence at the centres of power — London and Brussels.

The third unanswered question is how a Scottish parliament would be elected. The obvious solution would be some form of proportional representation. The first past the post system would entrench the dominance both of the Labour party and of the Strathclyde region, Labour's heartland. In the 1987 general election Labour took 69 per cent of the Scottish seats at Westminster with only 42 per cent of the vote.

The Liberal Democrats insist that without PR they will walk out of the convention. There are many within the Scottish Labour party who argue that PR is fairer and that under it the party could still expect to be the leading group in a Scottish parliament. But the national leadership has set its face against PR for Westminster and might be reluctant to countenance it in Scotland.

The convention is not due to discuss PR today. Instead it will be thrashed out at Labour's Scottish conference in March where several pro-PR motions are down for debate.

Nor is the convention tackling the other tough issues.

The Conservative party this week launched a propaganda barrage to exploit what it sees as the convention's reluctance to answer the most difficult questions and point out the weaknesses of the convention's case. But Canon Wright says the Conservatives "fail to catch the mood of the nation" and are rehearsing yesterday's arguments. "We have crossed the Rubicon. We will not go back," he says.

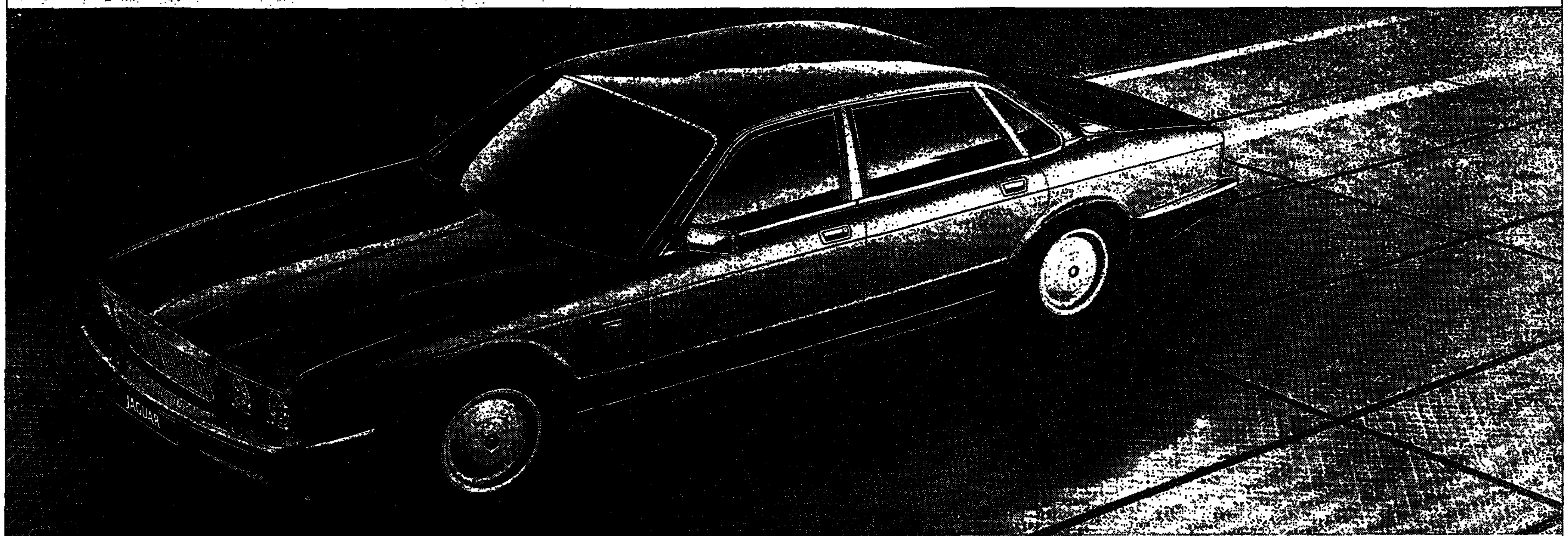
IT TAKES A LOT OF EFFORT TO MAKE A JAGUAR SO EFFORTLESS.

Jaguar cars have long been rightly noted for their elegance and sleek performance.

Yet while driving an XJ6, Sovereign, XJ-S or Daimler is a thoroughly relaxing experience, the effort which has been expended *in design, research, engineering and production is, as you would* expect, immense.

And we are the first to recognise that much of the credit for this should be shared with our suppliers, those whose components and expertise help make a Jaguar, a Jaguar.

Specifically to acknowledge those who have made a particularly notable contribution we established our own 'Pursuit of Excellence' Awards. And yesterday in Birmingham's Metropole Hotel, Jaguar Chairman Sir John Egan made presentations to no less than 99 companies whose performance has been exceptional.



'Supplier of the Year' and recipients of a handsome, specially commissioned bronze sculpture, were Pirelli Limited, whose Carlisle factory supplies over 60% of the company's tyre needs – a figure which is expected to grow this year.

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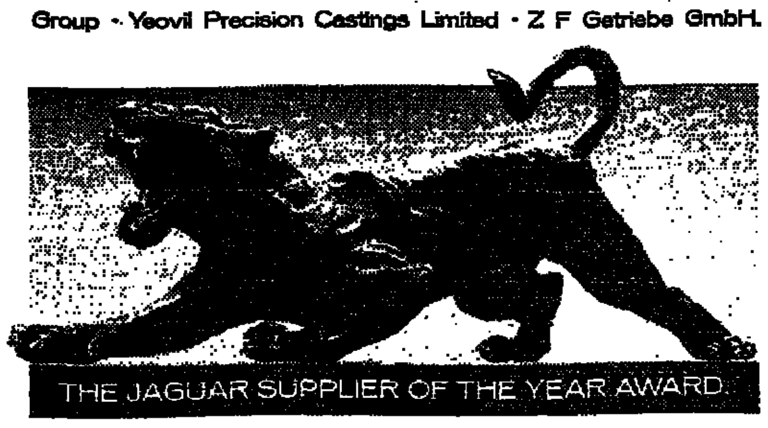

JAGUAR

MANAGEMENT

In the first of an occasional series on the progress of UK companies acquired by continental European industrial groups, Nick Garnett looks at FML, a subsidiary of Siemens

Traditional virtues of long-term investment

Remember those alleged symptoms of the British disease described by pundits in the late 1970s as reasons for the UK's industrial decline? The tea breaks, the large number of unions on one site, the inability of British manual employees to match the work rate of people in Japan and the newly industrialised countries of Asia.

Remember the love affair the same pundits had in the early 1980s with what they perceived as the Japanese way of doing things? Jobs for life, a cohesive company culture born out of everyone wearing the same uniforms and just-in-time inventory practices as the be-all and end-all of improving cost efficiency.

Remember, too, the more recent trends, the use of temporary labour, off-loading in-house manufacturing except for core components and freeing up plant to be sold for redevelopment as houses or supermarkets.

While parts of UK industry struggled to find a cohesive philosophy for manufacturing, a number of West German mechanical and electrical engineering companies have been at the centre of turnround stories in Britain using many of the basic and largely unchanging fundamentals of German manufacturing.

One such example is FML, *the electricity meter manufacturing* business of Siemens – which owns several manufacturing businesses in the UK and which last week bought full control from GEC of the Osram light bulb operation in *Britain*.

The German electrical and electronics group took a 51 per cent stake in 1979 of what was the then struggling metering business of Ferranti, the defence and electronics company. In 1984 Siemens obtained 100 per cent control of the metering operation, sited among the terraced streets of Hollinwood, a suburb of Oldham. Since then, the operation's *sales have risen from* £7m to £25m and its share of the UK electricity meter market has risen from 20 per cent to 30 per cent.

It has not been a spectacular process but it has been a successful one at FML, which employs 500 out of Siemens 3,500 workforce in the UK. And it has been built on the traditional if rather boring German virtues of investment, new pro*duction buildings*, retooling, the introduction of new products and redesign of old ones and all based on the kind of pay-back times many British publicly quoted companies would find too long.

*Ten or so unions still organ*ise at FML. There is even old-style piece work. Assembly operators in the new bright and airy assembly plant which churns out over 1m meters a year still take their 15-minute tea breaks morning and afternoon.

But underpinning the company is the kind of commitment to manufacturing endemic across Germany. A *large part of the 14-acre site* has been cleared as a result of knocking down many of the site's older pitched-roof buildings but Siemens says there is no plan to sell land.

"We will not sell it for housing development," says Tim Sheppard, FML's managing director. "We have no interest in that. Siemens wants it as a manufacturing site. If anything we're looking to acquire more land and that will be for expansion. Siemens has a major commitment to manufacturing in the UK."

The fact that FML neither makes a true consumer product nor competes with Japanese manufacturers protects it from the most difficult areas of competition. But it does face able competitors manufacturing electric meters in the UK, including GEC, Schlumberger of the US and the Swiss company, Landis-Gyr.

Sheppard, a 39-year-old former Racal Electronics engineer who spent a year in Germany as part of his Siemens management training, was not at FML *when Siemens first acquired* its stake. But what Siemens thought then of the site buildings are well known at Hollinwood.

"Siemens was horrified. It thought the site was simply beyond the pale." Some of those immediate post-Victorian buildings still remain but the last is due to be demolished in two years' time. Such high, pitch-roofed structures which Siemens deems totally unsuitable for efficiency and for the comfort of shop floor workers are still common in the north of England and in the Midlands.

Tim Sheppard: spent a year in Germany as part of his Siemens management training

Siemens purchased its stake because it wanted to get into *the UK metering market*. Ferranti wanted a partner because it had used FML as a milch cow and the site needed heavy investment in manufacturing facilities and techniques to make up lost ground. "If it wasn't for *Siemens, FML* would not be here now," Sheppard says.

Siemens has developed the site steadily rather than spectacularly. A modern German design of the domestic so-called single phase meter was introduced and redesigned to UK specification. The Ferranti multiphase meter for industrial use which had earned a bad reputation was replaced by a model based on Ferranti's single phase meter. A new coin prepayment meter was brought in using the heart of the single phase meter.

Prepayment meters using tokens and developed in the UK were introduced in 1985 *and 150,000 of these were made* at Hollinwood last year. Multirate microprocessor units to help with the handling of variable tariff rates were also introduced, helping to raise FML's share of the multiphase market from 8 per cent to 25 per cent over the past few years, according to Sheppard.

Along with this has gone much greater use of plastic rather than metal components – in line with developments in electrical engineering – and greater use of common components.

Several million pounds were spent on new production equipment including a fully automatic electro-plating line, advanced injection moulding machines, coil-winding equipment and so-called direct screw-injection technology. About £4m was spent on new buildings and equipment last year.

"Siemens has a policy of keeping its manufacturing technology up to date," says Sheppard. "It prides itself on technology and production techniques. Siemens is very much led by engineering with a strong counterbalancing commercial side."

Obtaining finance for machines judged to have pay-back times of five years or less is no problem, Sheppard says. If the payback is going to be longer than that but the machines are deemed by Siemens as necessary to maintain production volumes and standards, FML gets that machinery.

Nothing fancy is evident about the organisation of the plant and there *is nothing* fancy either about the speed at which the mainly female assembly staff are expected to work. "We are looking for quality workmanship rather than absolute speed."

The pre-tax profit at FML is about 10 per cent of sales. This is nothing to write home about but well above Siemens' overall declared return after investment and capital expenditure.

As part of Siemens' long-term commitment to Hollinwood, FML and Siemens in Germany are spending £10m on the joint development of a solid state gas meter.

"The question at Siemens was what do we have to do to get there in this field," Sheppard says. "We are not looking for volume production of this product until 1994 or 1995 and I doubt whether we will recover investment before the turn of the century. That is the long-term view Siemens takes."

County NatWest: the reality of retrenchment

Richard Waters explains the UK investment bank's strategy in the straitened circumstances of the securities market

Imagine an industry which has got itself into the following fix:

- It has too many participants; by common consent, about a third of the capacity needs to be withdrawn from the industry before those that remain can make a decent living.
- The quality of the industry's basic product is generally held in low regard by its customers, and nearly half think it is deteriorating.
- Its participants have exhibited acute management failings. Many have been through ill-judged mergers in the past three years, which have failed to yield the benefits expected of them. And they have no tradition of professional manage*ment, which has left them ill*-equipped to handle the transition from small, one-product operations to the large multi-product companies they have become.

That, in short, is the current position in the UK institutional equity market. Some companies have reacted by withdrawing (most recently Citibank, which earlier this week closed down the bulk of its UK equity business).

For those that are left, the chances of making a good return are slight. This has led to a new emphasis on good management in an industry that, with healthy (and largely protected) margins in the past, felt little need for it before.

Changes under way at County NatWest, the investment banking arm of National Westminster, are typical. County believes that by managing itself better it can turn its £12m net loss in the first half of *1989 (when market conditions* were as bouyant as they are likely to be for the forseeable future) to at least break-even by the end of 1991.

County's first step has been to cut costs. The result was 79 redundancies earlier this week (out of total UK equity staff of 660).

The fact that a 12 per cent reduction in staff could be managed with no apparent loss to the company's business is an indication of the degree of overmanning before. For instance, three separate settlement operations have been merged to remove unnecessary duplication (and 40 jobs). Settlement costs at County, at £56 for each agency transaction, have been higher than at most other securities houses and should nearly halve as a result of the changes.

A further 22 redundancies have reduced County's market-making staff by nearly a quarter. Yet with *70 market-makers, the bank still* retains one of the largest teams in the market.

These moves, together with a number of technology developments, will wipe 15-20 per cent from the cost base, estimates Tim Ferguson, the recently-appointed chief executive of County NatWest Securities.

Any further retrenchment would be disastrous, he says, claiming that the only options are to continue as a full-service firm operating in all sectors of the market, or to pull out entirely. "It's difficult to find a middle ground that isn't worse than the two extremes," he says.

In this, he (like others) has been influenced by the fate of Citicorp Scrimgeour Vickers, which attempted to reduce its market coverage to focus only on profitable areas. The result: market share and *staff seeped away, leaving CSV* with little option but to retreat from the business.

Beyond the cost-cutting, County is pinning its hopes on its ability to make a coherent business out of its equity arm, which has been built out of various broking firms (Bisgood Bishop and Fielding Newson Smith before Big Bang, and Wood Mackenzie after it). As at other firms, the reality has fallen well short of the ideal of an integrated investment house.

The greater integration is intended to come from breaking down the walls between functional areas (market making, research and sales) by the creation of teams defined by market sector rather than function. County is further behind than some in the industry in this respect, having not yet built a management accounting system that enables it to analyse the profit*ability of its business sector-by-sec*tor.

In a further attempt at integration, this time across country borders, a single European management structure is being created to enable functional areas to work together more closely.

County's second thrust is to put more effort into giving its customers what they want – not a revolutionary idea, perhaps, but something broking firms have failed at in the past. According to the main annual survey of investment institutions, undertaken by Extel, 43 per cent of brokers' clients thought that the quality of the basic product – research – had deteriorated in 1989.

To push the market-driven approach, County has created a new customer services group, whose head (yet to be appointed) will oversee the functional depart*ments within the bank.*

The better service is meant to come from the appointment of a salesman to manage the bank's relationship with each client. This person will also deliver all the firm's products to the customer, supported by specialist salesmen if necessary.

The salesmen will be responsible for making sure each relationship is profitable for the bank. It does not yet have the basic information to make this possible, though; its current accounting system does not provide an analysis of the profitability of each customer.

Finally, to improve the quality of its research products, County has been recruiting highly-rated analysts to strengthen its existing team. Like others, it believes it has to be ranked in the top three in any sector to secure customers' business.

The top three firms in a sector receive around 15 per cent each of the commission income available, the next three only half that, Ferguson estimates.

In these ways, Ferguson says he *hopes* to reach break even on equities by the end of next year. This would be a significant psychological breakthrough. However, it would leave the business well short of the 20-25 per cent return on capital expected in the long run by NatWest. Achieving this is likely to take County NatWest Securities some considerable time, no matter how well managed it is.

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* Miklos Nemeth, Prime Minister of Hungary, January 1990

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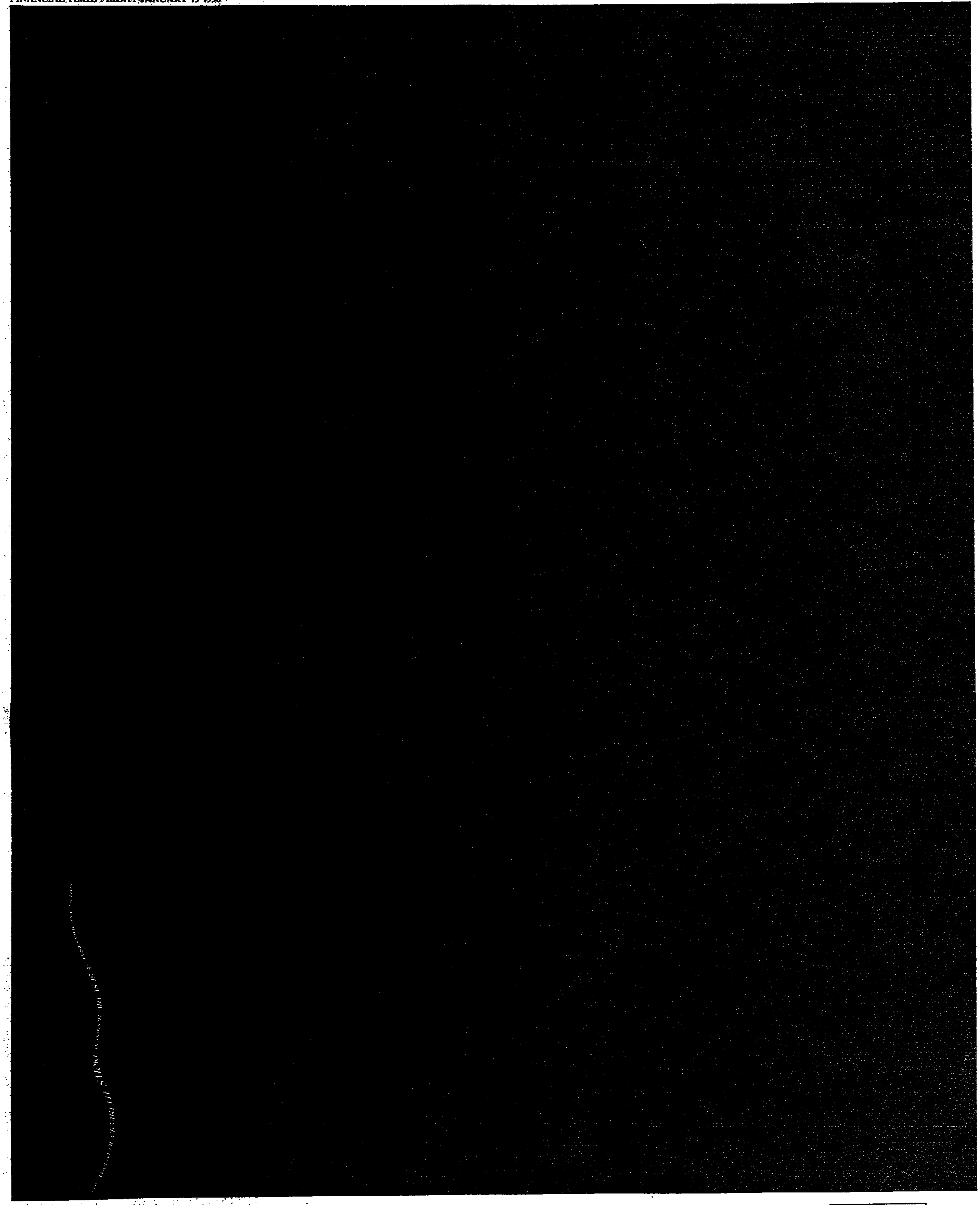

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THE PROPERTY MARKET

Pick of the crop

By Paul Cheeseright

Colin Gershinson has had several hundred million pounds' worth of property offered to him this year. There is a great deal available and not many people prepared to buy it. Palmerston Holdings, the company of which he is managing director, is seeking to build an asset base on what is loosely called secondary property.

The market for properties costing up to £10m – the market where the indices may not reach – is now subject to a reaction from three years of explosive growth during which, as Mr Gershinson put it, "property was another commodity – a good business to go into. Now it isn't unless you know what you're doing. It's become a business for the professionals again."

So far, he says, there is no panic in the selling but he has noticed that "we're being offered stuff we were first offered six months ago." A building first offered at £10m, on which Mr Gershinson had been prepared to pay £6m, is now coming back at £8m and his initial response is being taken seriously.

He has defined three sorts of offers. The first is coming from companies having problems with high interest rates. "They are prepared to sell to keep things going. They're selling capital to pay interest."

The second set of offers comes from companies which he classifies as "unrealistic." The reason is that when "they are trying to sell they are talking of yields of 5, 6 or 7 per cent. That's what they've been used to. They won't accept there is no market at that level."

Thirdly, there are companies which want to be taken over. "Most of them are using valuations which are out of date," says Mr Gershinson. "In some cases their borrowing exceeds today's values." These are the types of situation where a bank has provided finance at, say, 85 per cent of a building's completed value. But the value of the building has slipped while the debt has increased with interest payments being rolled up.


City Road, in the City of London, where landlords offer concessions to future tenants

In each of these three types of case the seller's position is extremely uncomfortable, but panic would only set in if banks start calling in their loans. Having said that, the banks probably do not want to be saddled with buildings which they cannot sell either.

According to Mr Gershinson, there are four problems. High interest rates are one. Then there is flat growth – "generally you can say all the rents have reached their plateaux and in certain areas there's been a downturn." The next obstacle is an actual or potential over-supply of space. Fourth: "Apart from the foreigners, there are no buyers."

Much has been said about the presence of Japanese, Scandinavian and Dutch investors in the market. But the Japanese buying has concentrated on a few large properties. And "for the last few weeks there has been a deafening silence from the Scandinavians and Dutch," says Mr Gershinson. They, he noted, had been holding up the market for what he calls "bland investments" – properties on a yield of about 8 per cent and already drawing in the top rents.

Mr Gershinson's view of the bread-and-butter end of the market, then, is pretty cheerless for the short term. His own response to this is to forget about asset values for the next two or three years. "Whatever the value is, the value is. What matters is that the income is there. If the income covers interest, you don't have to worry about value."

What is certain is that there is little scope for the flashy sales of 1987 and 1988. "Short term trading is very, very difficult."

Test of Scots industrials

THE STRENGTH of the industrial property market is to be put to the test when the Scottish Development Agency's two portfolios of property, said to be worth over £100m, are sold. First bids have to be in next week.

Industrial property generally has leaped in value over the last two years, but returns now are drifting downwards.

The SDA has been the largest player in the Scottish industrial market from which, as a special Investment Property Databank report has shown, the institutions have largely departed. Through the 1980s, "Scotland's share of UK industrial portfolios shrunk from 3.3 to 1.2 per cent."

This market is difficult to read. Until the mid-1980s, rental growth in Scotland was just as strong as anywhere else. "Only in the years of the strong market upswing since 1985 have Scottish rental increases lagged significantly behind the UK," the IPD said.

Manufacturing industry in Scotland expanded much less slowly than elsewhere in the UK in the mid-1980s and the upturn in the Scottish industrial property market was not readily apparent until 1988.

One characteristic of the property market in recent years has been the start of growth in London followed by its spread elsewhere. Scotland was one of the last areas it reached. Although returns have come off their peak since the middle of 1989, rents are still growing. "Northern industrials are sustaining their performance far better than all other segments of the property market apart from northern provincial offices," said IPD.

But there are two ways of interpreting the difference in market performance between Scotland and England.

Herring Son & Daw is handling the SDA sale and Nick Owen, the chairman, agreed that the sale might be more difficult than it would have been a year ago. But, he added, "we are far from despondent about it because there's no doubt at all the Scottish market is lagging the south east." In other words, Scotland will enjoy growth which the south east has already had.

Another way of looking at the lag is to contend that the market in Scotland will come off without having had the full extent of growth which has taken place in the south east. The four months to September showed the first big increase of available floorspace in England and Wales for more than six years, according to a survey by King & Co.

The IPD view of the industrial market is that Scotland will be subject to the same influences as the rest of the UK. It takes the forecast by Cambridge Econometrics of a 2 per cent growth in Scottish manufacturing – the same as for England – and suggests this should support further rental growth.

IPD also expects increased competition from office and retail uses for the best industrial sites. And the withdrawal of the SDA from development removes a source of space.

The performance of the SDA properties has followed the Scottish experience. Rental growth was running at up to two per cent between March 1987 and 1988 with capital values falling. Then capital values started to climb on the back of a 10 per cent rental increase during the year to March 1989.

Rental Growth (%)

	Retail	Offices	Industrial	All Property
Year to November 89	14.7	19.0	23.9	17.9
Quarter to November 89	3.4	4.6	5.3	4.2
Month of November 89	1.1	2.1	2.1	1.7

Source: Investment Property Databank

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TECHNOLOGY

Della Bradshaw examines different approaches to establishing global communications networks

Around the world in a way that pays

It is not every day that a company announces its intention to spend hundreds of millions of pounds on an information technology project.

But that is just what a clutch of Japanese companies has done in outlining plans to install global communications networks. Companies that have taken the plunge include Hitachi, Sharp and Mitsubishi Corporation.

As well as slashing their massive phone and telex bills, the networks will be central to each organisation's transformation into what is sure to become a buzz phrase of the 1990s – a global company.

"The whole premise is that, by the year 2000, requirements to compete will be different from those applying today," says Chris Wilmott, of management consultants Peat Marwick McLintock. "To respond, companies need global networks."

Wilmott is heading a study of the potential for global networking and of its problems. Twenty organisations are sponsoring the work, including telephone companies, such as AT&T and Telecom Australia; manufacturers, such as Mercedes-Benz of West Germany and IBM of the US; oil companies, such as Shell of the Netherlands and Yukong of Korea; and banks, such as the UK's Standard Chartered.

While Japanese companies are earmarking awesome amounts of money to achieve this management and technological leap, others are adopting a more cautious, and often piecemeal, approach.

Take ICI, for example. "Everything has to be cost justified," says Bob Falconer, network services manager for the UK chemicals company which has manufacturing plant in 40 countries and distribution outlets in 150. "Everything is driven by business demand."

The Mitsubishi perspective is a different one, says Ken Clark, telecoms manager for the corporation in the UK. "They look at the problems, then they look at the solutions. The last thing they put together is the cost justification."

The Mitsubishi Corporation already has a voice, computer data, facsimile and telex network linking its three main centres: Tokyo, London and New York. Now it plans to install a message switching network, centred on Tokyo, to handle all the international text traffic. The first phase should be complete by the end of 1991, in time to take advantage of the single European market.

That said, the pragmatic approach to international networking, as exemplified by ICI, demonstrates the technological choices open to companies.

ICI has a private voice and data network in the UK, using dedicated leased lines. Falconer estimates this has halved its call charges paid in the UK – to £10m.

It has also built a data network across 15 European countries, but will continue to use the ordinary dial-up network for phone conversations.

Then there is a dedicated "pipe" to the US for communications with its offices there. Once the lines reach the US they branch out into a business network, run by AT&T, called the custom network option (CNO) – a half-way house between a private network and the ordinary dial-up service. ICI also has direct links with Japan.

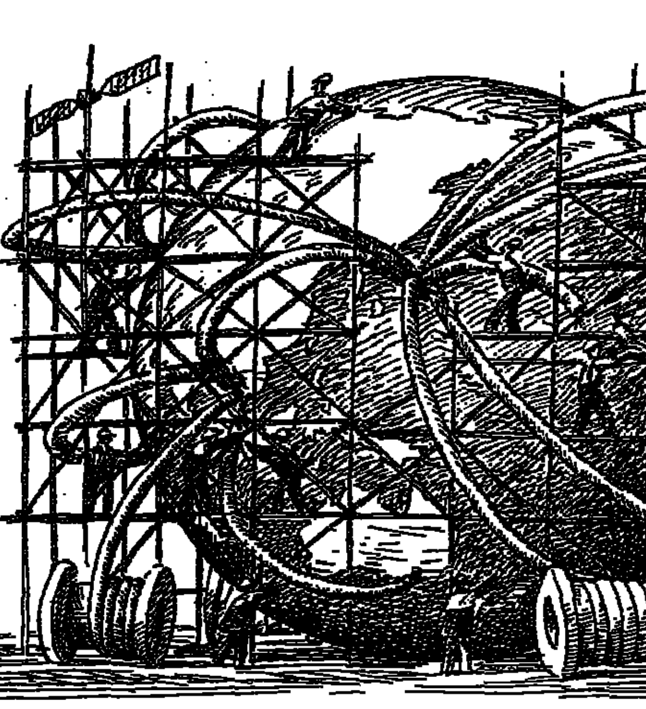
The remaining problem for Falconer is services to the other 125 countries in which ICI operates. His solution is to use either ordinary dial-up services, or to employ a third party. These include companies such as Electronic Data Systems (EDS) or, on the data side, IBM or Timenet, the British Telecom subsidiary. They have set up international networks shared by a number of companies.

Each solution presents its own stumbling blocks. Dial-up services are often of a lower quality than a dedicated line, but setting up an international leased line network involves co-operation between a number of telephone companies.

With third party networks, the customer has no control over the amount of traffic going over the network. Heavy traffic could cause split-second delays in the arrival of computer data – a potential problem for companies dealing in share price information.

Whichever approach is taken, companies face three important issues:

- differing levels of technological competence in different countries;
- varying regulations and tariffs;
- problems of managing a network on a world-wide scale.



High-tech services are simply non-existent in some areas of the world, says Martin Burvill, marketing and projects manager for International Telecommunications Services (ITS), the profit-making arm of Sita, which runs the communications network for the world's 340 airlines. "There are places where there are just no digital circuits – almost the whole of Africa, for example."

But even in Europe, reports Falconer, many of the digital phone lines are five years behind the current UK standard.

Regulatory differences between countries can prove very frustrating. Falconer's anecdotes about setting up a European data network are a cross between a nightmare and a farce. In the end, to make sure all the equipment was approved, an ICI employee had to spend days driving around Europe to collect all the different pieces of paper guaranteeing approval, from either telephone companies or government departments.

In Japan there were other problems. ICI got the appropriate approval for its equipment for use in Tokyo, and then tried to install it in a provincial office.

"Then we discovered that power supplies need to be different for different areas of Japan. For Japanese companies this is not a problem – everyone knows and accepts it. But these are not trivial problems if you are shipping out equipment from the UK."

Because of the plethora of charging systems, working out the cheapest routes can result in employees tearing their hair out. In the US and the UK, phone companies are forced to relate their prices to their costs. In other countries, political considerations often result in one service subsidising another.

"If you simply sit down and draw a map of the world with a nice tidy network design it would not be cost-optimised," says Falconer. "Yet the cost-optimised one would look ridiculous to a technologist."

How to manage such networks poses more questions than answers. As Wilmot puts it: "The mechanics of network management are a problem. Who does it? How do you manage a network which is used 24 hours a day?"

Technically, too, there can be problems with handling such a large, interdependent unit. "Increasingly if someone makes a local change it affects the whole network," says Falconer. "That ability to change is our lifeblood. But when we make changes, they are expected to have zero impact on the business. That is the challenge: how to upgrade the network without anyone noticing."

Privacy laws hamper the cross-border flow of data

Within the next week, Fiat's head office in Turin expects to get approval from the French data protection agency, Commission Nationale de L'Informatique et des Libertés (CNIL), to update its international personnel list.

What may seem surprising is that the motor manufacturer has had to seek French approval to carry out an administrative act which is so central to the running of an international business. And it demonstrates one of the problems companies face in setting up global networks – that of data protection.

The train of bureaucratic wranglings in the Fiat case was cranked into motion by the seemingly innocent request from the Italian head office for a list of managerial staff working in its French operation.

The French Government, like its counterparts in the UK and West Germany for instance, has introduced data protection laws that impose a series of rules on the collection of personal data, such as giving the employee the right to see the information. But Italy, along with Portugal and Belgium, has no such regulations.

Because Fiat intends to send information on French personnel to Italy, where no data protection laws exist, the company has had to reassure the CNIL that the information will be subject to the same rules of privacy and accuracy as it would be in France.

In the UK similar restrictions on sending information outside the country are in force, but Eric Howe, data protection registrar, says so far he has not given priority to policing cross-border data flows.

This issue will become critical in 1992, when the EC internal market will be oriented towards the free exchange of information between countries in such areas as direct marketing and credit checking.

The problem of cross-border data flow was highlighted when the EC asked the Confederation of European Computer User Associations (Cecua) for advice on setting up a European-wide governmental computer network. Not only did it find a polarisation between countries which had regulations and those that had not, but a difference in the severity of the laws from country to country – both in Europe and further afield.

In Europe, there have been suggestions that EC members should harmonise their regulations. If that happens, says Patrick Raymont, who chaired the Cecua meeting last October, there is a "distinct possibility" that countries with stringent regulations – such as the UK – would have to water down their laws.

An eye-opening use for optical fibre

Researchers at Liverpool University have developed a way to use optical fibre to monitor industrial and medical processes.

Professor Gordon Jones, of the Department of Electrical Engineering and Electronics, says the new method avoids the pitfalls of trying to adapt communications-based optical fibre. That approach requires wide bandwidths, long transmission distances between repeater stations and lasers to provide a single-wavelength source of light.

At Liverpool, about £1m has been spent on developing a much cheaper optical sensing technology. It is under trial in applications ranging from body scanners to semiconductor production.

The new method uses polychromic, or multi-wavelength light sources, such as an ordinary electric light or a light emitting diode. It can transmit for a few kilometres, quite sufficient for most industrial applications where the fibres rarely need to be more than 300 metres long. For some medical uses, 30 m suffice.

"What we measure through the fibres is the colour of the light," says Jones. Colour and wavelength are different, with the colour depending on the intensities at different wavelengths.

The idea for this approach came from the way the human eye perceives colour. The eye has three detectors with overlapping sensitivities, which enables it to distinguish between colours.

His team has developed a processor similar to the eye in that it can discern very small changes in colour. It can detect a change in the wavelength of a laser line with a width as tiny as 0.5 nanometre (half a thousand millionth of a meter), as well as colours beyond the human range in the infra-red and ultra-violet.

Jones believes this type of optical-fibre monitoring, called chromatic modulation, offers industry two advantages – robustness and the ability to monitor many parameters simultaneously and inexpensively. It can be used in difficult environments, for instance, where electrical signals might cause interference.

The technique depends on the parameter, say temperature, causing a colour change in light passing through or reflected by a sensor, which may be a glass rod or sphere. The sensor transmits different groups of wavelengths of light as the temperature changes. Using a calibrator, the temperature can be measured.

The sensor is placed at the point where the temperature needs monitoring and the fibre is run back to the instruments, away from the difficult environment.

Trials are under way in the electricity industry to monitor switch-gear, the large switches which can interrupt the national grid or divert current from one part to another. Operating at high voltages (such as 400kV) and currents (50,000 amps), they generate large magnetic fields and radio interference. They are built with enormous safety margins, which is expensive. Reliable monitoring could allow a reduction of safety margins and cost.

The Liverpool researchers are working on monitoring the plasma in semiconductor processing, with backing from Chell Instruments and Plessey.

Another trial, being carried out by the Transport and Road Research Laboratory, is for vehicle detection. Embedded in the road is a fibre which detects vehicle pressure and sends the information to a counter.

In medicine, although a patient's chemistry can be seen on a body scanner, a problem is that the magnetic resonance involved causes interference with the electronic monitors covering the patient's condition. Clinical trials with the chromic modulation monitoring system are under way at the magnetic resonance research unit at the university's medical faculty.

Funding for Jones's project first came from the university and then from the Science and Engineering Research Council and the cabling company BICC. The latter put the department in touch with Cray Electronics, which now supports the work along with the Department of Trade and Industry.

The university holds the patents and has a commercial agreement with Cray, which has set up a subsidiary called Optical Sensors.

Geoff Tansey

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MANAGING DIRECTOR

LEGAL NOTICES

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The David Hume Institute is undertaking an Inquiry into the issues raised by corporate takeovers in the U.K. The Inquiry, which is funded by The Joseph Rowntree Memorial Trust, is under the direction of Professor Sir Alan Peacock, FBA, FRSE and is assisted by Steering Committee consisting of Mr. Graham Bannock (Research Director), Sir Donald Barron, Sir Adrian Cadbury, Mr. Jonathan Charkham, Professor Richard Dale, Mr. Jeffrey Knight and Professor Jack Shaw.

Individuals and public or private bodies wishing to contribute written evidence or opinions to the Inquiry are invited to contact Mr. H. L. Smith, Secretary of The David Hume Institute, for further information on the scope and procedure of the Inquiry.

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LEGAL NOTICES

THE MERSEY DOCKS AND HARBOUR COMPANY
NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of The Mersey Docks and Harbour Company will be held in the Port of Liverpool Building, Pier Head, Liverpool at 12 noon on Tuesday 6th February, 1990 when the following resolution will be proposed as a special resolution.

"THAT the Bill, introduced into Parliament, promoted by The Mersey Docks and Harbour Company in the session 1989/90 and entitled

'A Bill to confer additional powers upon The Mersey Docks and Harbour Company; to amend the Mersey Docks and Harbour Act 1971 and the Mersey Docks and Harbour Act 1986; and for connected or other purposes',

which has been submitted to this meeting be and the same is hereby approved subject to such additions, alterations and variations as Parliament may see fit to make therein and The Mersey Docks and Harbour Company may approve".

Copies of the Bill may be inspected and copies obtained at the price of 50p each at the office of the Secretary at the address below and at the offices of Messrs. Rees & Freres, 1 The Sanctuary, Westminster, London, SW1P 3JT, during normal business hours on any weekday (Saturdays and public holidays excepted) upto and including 5th February, 1990, and at the Extraordinary General Meeting.

By order of the Board,
W J. Bowley,
Secretary.

Port of Liverpool Building,
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11th January, 1990

No. 008138 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
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- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

Notice is Hereby Given that a Petition was on the 18th day of December 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the said Company by £56,000,000.

And Notice is Further Given that the said Petition is directed to be heard before the Honourable Mr Justice Warner at the Royal Courts of Justice, Strand, London WC2 on Monday the 29th day of January 1990.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share premium account of the said Company should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 19th day of January 1990.

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ARTS

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OPERA AND BALLET

London

Royal Opera, Covent Garden. No opera performances until February.
The Royal Ballet at Covent Garden shows *La Fille Mal Gardée* with the *Laurentia* divertissement on Jan 24: Ashton's *Cinderella* loses her shoe on Jan 19 and 20. English National Ballet ends its run of Schaufuss's clumsy *Nutcracker* at the Festival Hall on Jan 20.
English National Opera, Coliseum. The company undertakes a Berlioz rarity – *Beatrice and Benedict*, his late, ravishingly beautiful version of *Much Ado about Nothing*. *Faust*, in Ian Judge's deft, fast-moving production. Final performances of the magical production of *Hansel and Gretel*, a triumph of intelligent modern operatic rethinking.

Paris

Théâtre des Champs Elysées. The Russian season includes, in alternation, *Khovanchtchina*, *Eugene Oneguine*, *Boris Godunov* and *The Queen of Spades* (47203637).
Opéra. The Paul Taylor company arrives with two alternating programmes both full of humour and exhilaration. Palais Garnier (40173340).

Amsterdam

Netherlands Philharmonic Opera with a new production of Gluck's *Orphée et Eurydice*. (Sun matinee, Tue to Thur). Muziektheater (255 455).

Madrid

Teatro Lirico Nacional de la Zarzuela. A new production of Rossini's *Il Turco in Italia* opens the Madrid opera season.(429 82 25).

Brussels

Cirque Royal, Compagnia d'Opera d'Italia di Milano in Verdi's *Il Trovatore* conducted by Lajos Vasady-Balogh.
Théâtre Royal de la Monnaie. The Monnaie opera in Mozart's *Cosi fan tutte*.

Vienna

Staatsoper. *Faust* conducted by Serge Baudo; *Der fliegende Holländer* conducted by Berislav Klobucar; *Lohengrin* conducted by Claudio Abbado. Ballet: *Dornröschen* choreographed by Rudolf Nureyev.
Volksoper. This week: *Die Zauberflöte*, *My Fair Lady*, *Die Hochzeit des Figaro* and *Der Freischütz*.

Venice

Teatro la Fenice. Claude d'Anna's production of Leoncavallo's *La Bohème* opens the autumn season. The opera had its first performance here in 1897, a year after Puccini's *Bohème* opened at Turin, and was immediately forgotten. This revival is conducted by Jan-Latham Koenig. (5210161).

Rome

Teatro Dell'Opera. Puccini's *Madame Butterfly* conducted by Daniel Oren. (Wed) (46.17.55).

Florence

Teatro Comunale. The Balletto Antonio Gades in *Fuego* from *El Amor Brujo* by Manuel de Falla, with choreography by Gades, who dances with Stella Arauzo, Candy Roman and La Bronce (2779236).

Bologna

Teatro Comunale. *Il Viaggio*, a new opera commissioned by the Comunale from the young composer, Fabio Vacchi. (529999).

Berlin

Opera. *Rigoletto* in Hans Neuenfels' production features Frederick Burchinal in the title role, Angela Denning, Ute Walter, John Sandor and Bengt Rundgren. *Die Sache Makropulos*, newly produced by Günter Krämer with sets by Andreas Reinhardt has its premier this week.

Hamburg

Opera. A ballet *Hommage a Jose Limon* with three of his pieces. *Idomeneo* under the superb musical direction of Gerd Albrecht with Josef Protschka, brilliant in the title role, Hedwig Fassbaender, Roberta Alexander and Kurt Streit. *Otello* stars Linda Plech, Wladimir Atlantow, Franz Grundheber, Heinz Kruse and Harald Stamm. *Don Pasquale* is a well done repertoire performance.

Cologne

Opera. The successful Harry Kupfer *Lady Mcbeth von Mzensk* production returns with Marilyn Schmiege, Aage Haugland, Jean van Reeand Günter Neumann. *La Finta Giardiniera* is well sung by Michael Myers, Teresa Ringholz, John la Pierre, Janice Hall, Andrea Andonian and Darla Brooks.

Frankfurt

Opera. Monsieur Beaujolais and his company play Offenbach's three one act pieces. *Dido and Aeneas* has fine interpretations by Glenys Linos, Elaine Woods, Valentin Jar. *Iphigenie en Tauride*, sung in French will be conducted by Gary Bertini with Helena Dose, brilliant in the title role.

Bonn

Opera. The wonderful Jorge Lavelli *Andrea Chenier* production is revived with a particulary strong cast led by Giorgio Lamberti, Gabriela Benackova, Christine Obermayr and Karoli Szilagy.

New York

Metropolitan Opera. Nello Santi conducts *La Gioconda* in Bruce Donnell's production with Ghena Dimitrova in the title role. James Levine conducts *Cosi fan tutte*. Lincoln Center Opera House (362 6000).
New York City Ballet. The mixed repertory continues with performances of *The Goldberg Variations*, *Les Gentilhommes* and *Prodigal Son*. New York State Theatre, Lincoln Center (870 5570)

Washington

Washington Opera. Roman Terleckyj's production of *Werther* continues with Mark Thomsen in the title role and Deidra Palmour as Charlotte, conducted by Cal Stewart Kellogg. Performances of *The Merry Wives of Windsor*. Eisenhower (467 4600).
Ballet National de Marseille Roland Petit. Programmes of *Ma Pavlova* and *L'Arlesienne* alternate with *Le Jeune Homme et La Mort* and *Le Diable Amoureaux* during the company's week-long stay. Ends Jan 28. Kennedy Center Opera House (467 4600).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).
Jeffrey Bernard is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).
The Good Person of Sichuan (Olivier). Magnificent National Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who can only do good by adopting a vicious disguise. If poverty is not combated by political systems, what can an individual's compassion do? Witty new translation by Michael Hofmann. Fiona Shaw leads a fine cast in a play new-minted for the 1990s. Jan 29-Feb 3 (928 2252).
Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).
M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).
Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).
Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.
Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).
Winter's Tale (Goodman). Frank Galati directs a production that spans the ages, interpreting Shakespeare as running from Ovid and television. Ends Feb 17 (443 3600)
I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner. (348 4000).
The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. The festive new year programmes (at 11am and 4.30pm) at Kabuki-za feature all the top stars, including several Living National Treasures. Among the highlights of the matinee is a famous scene from *Benten Kozo*, whose underworld hero dresses as a lady of rank to carry out a raid. Opens Jan 2 (541 3131). At the National Theatre a triple bill featuring mainly younger actors and including Yanone (The Arrowhead), an evergreen new year favourite acted in the extravagant "aragoto" style. Opens Jan 3 (265 7411). Both theatres have excellent earphone guides in English as well as English-language programmes.

MUSIC

London

Roger Norrington and his London Classical Players. Rossini, Schubert, Schumann (Sat). Queen Elizabeth Hall, South Bank Centre (928 8800).
London Symphony Orchestra conducted by Michael Tilson Thomas. Mozart, Copland, Bernstein, Prokoviev (Sun). Barbican Centre (638 8891).
Chilingirian Quartet opens Bohemian Festival. Haydn, Dvorak, Martinu (Tues). Wigmore Hall (935 2141).

Paris

Cecilia Gasdia recital (Mon) Salle Gaveau (45632030).
Ensemble Orchestral de Paris conducted by Emmanuel Krivine, Jean-Jacques Kantorow (violin): Lutoslawski, Mendelssohn, Haydn (Tue). Salle Pleyel (45638873).
Orchestre de Paris conducted by Semyon Bychkov, with Yo Yo Ma (cello). Tchaikovsky, Shostakovich (Wed, Thur). Salle Pleyel (45638873).

Brussels

Belgian National Orchestra conducted by Paul Daniel with Johan Schmidt (piano). Beethoven, Berlioz and Shostakovich (Fri, Sun) Palais des Beaux-Arts.
Hugues Navez (guitar) plays Villa-Lobos, Bach, Giuliani, Sors, Tedesco (Thur). Royal Music Conservatory.
Hagen String Quartet plays Brahms, Mozart, Webern (Tues). Palais des Beaux-Arts.

Frankfurt

Rhineland Palatinate State Orchestra, with Sabine Meyer (clarinet) conducted by Peter Schreier with Mozart (Sun). Alte Oper.

Cologne

Hot Jazz Meeting 90. Herbie Mann's all star band, The Dirty Dozen Brass Band, Leningrad Dixieland Band (Sat). Philharmonie.

Berlin

Berlin Philharmonic Orchestra, conducted by Seiji Ozawa. Brahms and Prokofiev (Tues, Wed). Philharmonie.

Amsterdam

Rotterdam Philharmonic conducted by Jukka Pekka Saraste, with Viktoria Mullova (violin). Debussy, Mendelssohn, Sibelius (Sat matinee). Concertgebouw (718 345).
Netherlands Chamber Orchestra with Eckhart Haupt (flute), Harmut Haenchen conducting. Britten, Bach, Haydn (Sat). Concertgebouw (718 345).
Guarneri Quartet. Haydn, Lutoslavski, Schumann (Thur). Concertgebouw (718 345).

Utrecht

Netherlands Philharmonic and Isabelle van Keulen (violin) conducted by Michael Halasz. Bartok, Mozart, Mendelssohn (Tue, Thur). Vredenburg (31 45 44).
Schonberg Ensemble, Hague Percussion Group and vocal soloists, Reinbert de Leeuw conducting. Andriessen, Reich (Wed). Vredenburg (31 45 44).

Barcelona

Czech Philharmonic Orchestra and Prague Philharmonic Choir conducted by Vaclav Neumann. Mahler programme (Sun). Palaude la Musica Catalana (301 69 43).

Madrid

Spanish National Orchestra conducted by Enrique Garcia Asensio, with Andrea Lucchesini (piano). Brahms (Fri-Sun). Auditorio Nacional de Musica (337 01 00).

Vienna

Wiener Kammerorchester and Wiener Kammerchor, conducted by Uwe Christian Harrer. Respighi, Mozart, Schubert (Sat, Sun). Konzerthaus.
Wiener Schubert Trio. Mozart, Schumann. Musikverein (Tues).
Haydn Trio. Schubert, Kreisler, Johann Strauss (Thur). Konzerthaus.

Milan

Maurizio Pollini (piano). Chopin, Berg, Schoenberg and Stravinsky (Mon). Teatro Alla Scala (80.91.26).

Venice

Maurizio Pollini (piano). Schumann and Chopin (Thur). Teatro la Fenice (5210161).

Rome

Ulf Schirmer conducting Strauss and Brahms, with Miriam Fried (violin) (Sat-Tues). Auditorium in Via Della Conciliazione (6541044).
Samuel Ramey (bass) accompanied by John Fischer (Wed). Teatro Olimpico (393304).

New York

Philharmonia Orchestra conducted by Giuseppe Sinopoli with June Anderson (soprano). Berlioz, Mahler (Wed).
New York Philharmonic. Erich Leinsdorf conducting. Liszt, Stravinsky, Poulenc, Offenbach (Thur). Avery Fisher Hall (874 6770).

Washington

National Symphony Orchestra. Mstislav Rostropovich conducting. Shostakovich, Albert (Tue); Mstislav Rostropovich conducting, Hakan Hardenberger (trumpet). Barber, Tamberg, Sallinen (Thur). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony Orchestra, Sir Georg Solti conducting. Corigliano, Beethoven (Tue); Sir Georg Solti conducting. Bach programme (Thur). Orchestra Hall (435 6666).

Tokyo

Berlin Philharmonische Solisten. Bach, Beethoven, Mozart. Suntory Hall (Mon) (289 9999).
Classical Japanese Music. Koto, Shamisen. National Theatre, small hall (Tues) (265 7411).

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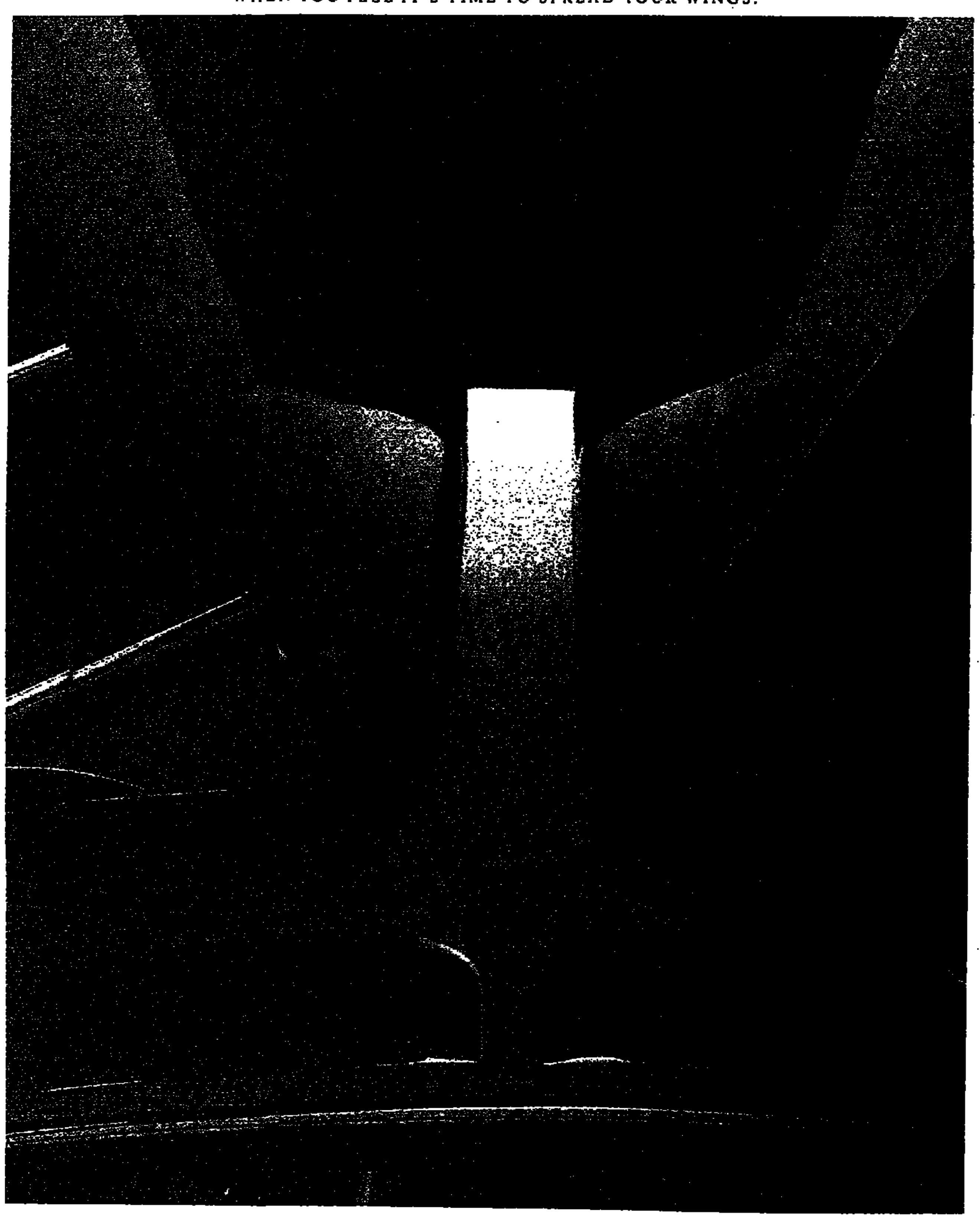

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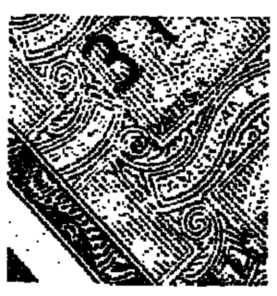

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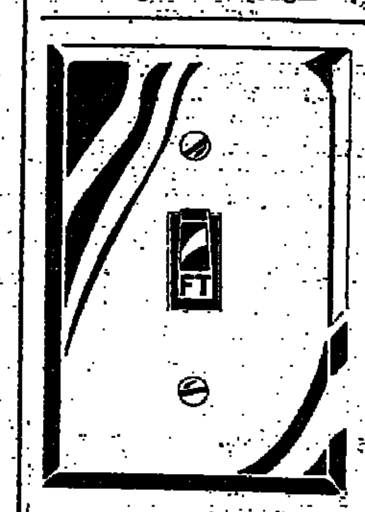

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FINANCIAL TIMES
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Berio's 'Coro' and 'Passaggio'

BARBICAN HALL & RADIO 3

Coro (1975-7), which on Wednesday brought to an exalted close the four-day BBC Berio Festival, is one of the great feats of sustained composition in the second half of this century. It forms, therefore, one of the highest peaks in the Berio canon – a work, massive not just in length and performance requirement, that contains within it a whole world of human experience.

This hour's-length of vocal tapestry, for about 40 each of voices and instruments laid out in pairs, is World Music in every sense. In it Berio has woven snatches of folk poetry of many nations (supplied in English, French, Italian and Spanish original or translation) around quotations (small at first, gradually lengthening) from the magnificently dark verses of Pablo Neruda. As in all of this composer's mature creations the purpose is intellectually sophisticated, the structure substantial and many-layered, the design dramatically handled – and, as always, the "message" is directly, honestly transmitted by the beguiling beauty of the basic musical means.

Coro is built in the form a song-symphony. Individual voices and their instrumental partners-in-timbre are placed to stand out briefly before being subsumed within the larger fabric: the compositional skill and variety, the command of timing, balance of colours, and mood-change are simply fabulous. The punctuation of "nodal" chords (associated with a particular motto-line of Neruda, "Come and see the blood in the streets") and the awesome use of architecturally-piled brass writing at carefully defined junctures link this work with the great polychoral constructions of Berio's Italian Renaissance antecedents (such as Gabrieli).

What is also essentially Italian about *Coro* – it fixes Berio in his country's grand tradition – is the outpouring of vocal lyricism (set in a voice-enhancing instrumental sheen) as a way of enclosing a vision of human experience: in this case, of human suffering caused by political injustice. In *Coro*, more completely than in any of his other works except perhaps the opera *Un re in ascolto*, the past, present and future seem to be joined in a single poetic act: it is, indeed, the singleness (born out of amazing diversity) that generates its extraordinary and deeply moving impact.

Coro was performed with marvellous virtuosity by the BBC Singers and Symphony under Berio himself. In the first half a striking contrast was supplied in the form of *Passaggio* (1961-2), the early music-theatre piece (written in collaboration with the poet Sanguineti for La Scala, where it caused a sensation) that was Berio's overture to full opera-creation. This also requires far-flung vocal groups (here placed in the audience and simulating noisy protest) counterpointed by separated choral and instrumental ensembles, and all of it focussed instead upon a soprano in black dress and bare feet (Luisa Castellani) going poetically potty in a central spotlight – shades of the Protagonista in *Un re*.

The revival of *Passaggio*, brilliantly executed by various BBC forces and students from the Guildhall, proved interesting far less for its well-tried 1960s modishnesses than for the announcements of the "real" Berio it contains – the exquisite and finely devised instrumental framework, the knack of balance, the ability to create reverberant dramatic images in sound. Between *Passaggio* and *Coro*, the award to Berio of the Evening Standard 1989 Opera Award for *Un re* at Covent Garden gave the whole evening its own special celebratory gloss.

Max Loppert

Hedda Gabler

KING'S HEAD THEATRE CLUB

Ibsen's Hedda is a *tabula rasa* on which actress and producer can write what they will: the *belle dame sans merci*, a sphinx both destructive and doomed, from Mario Praz's *Romantic Agony*; the ultimate aesthete who outdoes the young Wilde with her advice to potential suicides that it be beautiful, and Swinburne in Dionysian imagery. She can be Pater's monstrous enigma, older than the rocks among which she sits; or an impotent feminist *manquée*, stifling in the long littleness of a suburban life which allows her only the biological function that disgusts her and denies her the ability to create – enjoyed even by the despised and inferior Thea.

There are signs that Rena Down's production at the King's Head in Islington opts for a heroine with incoherent and bottled-up energy, a vitality with nowhere to go; a physicality that stops short, repelled, at sex.

The part is taken by Elizabeth Quinn who won awards for her portrayal of the deaf girl in *Children of a Lesser God* and who herself has impaired hearing. She has a striking, potentially sultry, presence, a strong face. When she grabs her bullied old school friend one understands the other woman's fear: this Hedda has moments of exuding quiet menace.

As yet the words are indistinct. The language is slightly slurred and emerges with what sounds like a faint foreign accent. The care she puts into her speech tends to detract from her emotional expressiveness, and though one can glimpse a characterisation both tough and humorous I feel that this brave attempt is no more than that and possibly ill-advised.

Tim Heywood's set works wonders in the tiny space – what a training-ground the fringe provides for designers – and produces a properly oppressive sitting-room complete with panelled walls and tiled stove (discreetly placed and not hogging the stage, as it did at the National to the discomfort of several actors there).

Hedda may chafe, but her husband is equally imprisoned. Timothy Bentinck plays him with the all too haunting accents of radio's David Archer – not too unsuitable, given the prosaic silly ass he makes of Tesman, just believable as the pedant best suited to "sorting out and collating other people's papers." Margery Mason is a positive Aunt Julia, good at the implied reproach and possibly a bit of a tartar to the unfortunate invalids she enthusiastically tends.

The most interesting interpretation is Richard O'Callaghan's reformed libertine. This Lovberg actually convinces as an intellectual (think of the bleary Bacchic roués who have taken the role): prim, dry, opinionated, he is smugly in no doubt about his own cleverness when briskly informing Tesman that he has no intention of competing for the academic post but that "all I want is to outclass you in public opinion." He is Tesman, in fact, without the wimpishness, but the performance is not quite in focus.

For compact characterisation we look to Judge Brack. Neil McCaul's young, dapper and dangerous man about town is all the more accomplished for replacing the announced actor. We even forgive his (Norwegian provincial?) fashion of wearing a brocade waistcoat with a sporty check suit.

Martin Hoyle

Richard O'Callaghan and Elizabeth Quinn

The Caucasian Chalk Circle

SADLER'S WELLS

Charm is an odd word to use of a play by Bertolt Brecht, but it is abundant in the National Youth Music Theatre's production of *The Caucasian Chalk Circle*. The youthful performers are endearingly relaxed on stage; they work as a true ensemble; the play's humour becomes a life force; and the beauty of the designs hangs in the memory.

The designers are two students at Central St Martin's College of Art and Design – Juliet Green and Konie Shankar. Their decor and costumes are deft, suggestive and made with an unusually fine sense of colour. The painted backdrops during the main action are particularly effective: such as the sky-blue cityscape – lit purple at the time of civil disturbances and fires – and the mountain-view like a Chinese version of Cézanne's Mont St Victoire.

This production, which continues at Sadler's Wells until January 27, started life last year at Edinburgh. It employs the musical version by Stephen Warbeck, the translation by W. H. Auden and Tania Stern. As so often, the "Struggle for the Valley" prologue is omitted. Warbeck's score is a minor marvel of stylishness. It nods to Caucasian folk music, to Chinese theatre music and to Brecht's erstwhile collaborations with Kurt Weill. Though the play can have more weight and bite than here, the director, Mark Pattenden, makes it a marvellously fluent demonstration of Brecht's theatrical anti-theatricality.

The characters are all shown as fine mixes of artifice and realism, standing inside and outside themselves. The Governor's Wife (Michelle Tute), for example, is a vivid caricature of a shrill, snobbish bitch, but played with memorably stylised Asian poses. She, like half the supporting characters, wears a face mask that cleverly gives full play to eyes, mouth and jaw.

Everything is carried along at a brisk lick. More mature actors in the leading roles would make every syllable register more firmly, and would manage more subtly the very difficult exchanges between Grusha and Chachava. But very few mature players could switch from speech to song and back again with the blythe dexterity of everyone concerned here; and then dance with such verve and musical accuracy in the finale too.

Emma Brain-Gabbott has real aplomb as the Singer with full assurance in the sometimes exposed high vocal lines. Naoko Mori's innocent sturdiness as Grusha and Byron Calmonson's Cockney-sparrow as Azdak deserve praise also. Above all, this is a fine example of ensemble playing. You remember a dozen tiny things, like Shauva (Jonny Miller) leadenly trying to mark time while Azdak sings. Or Elizabeth Price's petulant dialogue as the Sister-in-law. Or Philip Halpin's half-ludicrous half-disarming impersonation of the curvaceous farmer's daughter Lodovica. Once or twice in the whole evening you realised that they were remembering their lines. These moments were a testament to the spell sustained otherwise throughout.

Alastair Macaulay

Suspended sentences

ICA THEATRE

The managerial turmoil at the ICA has an apt reflection in the artistic turmoil unleashed in its theatre this week. Responsibility for this this multi-media mess belongs the Nicholas Treadwell gallery, which has also sponsored the accompanying exhibition lining the Concourse Gallery walls of humanoid figures fashioned from the contents of vegetable racks and cutlery drawers. Both the exhibition and the conception of *Suspended Sentences* are the work of Malcolm Poynter, working with the young director and choreographer Julie Wilson.

At least, when working with the inanimate, Poynter displays some sense of colour and humour – both conspicuously absent from the 50 mulchy minutes of *Suspended Sentences*. This is the avant-garde at its most forgettable, devoid of either charm, originality or any obvious purpose. In a spirit of what one can only assume is defiance, Wilson – responsible too for the soundtrack of distant steam engines, drowned radios and sharpening knives – deprives eye, ear and mind of anything approaching pleasure.

The costuming yields a troupe who could have been dunked in pig swill, who spend their first and final minutes desporting themselves in hay, and whose repetitive routines of body grappling, clambering each over each other and trying desperately to clean themselves of some invisible pollutant hints at an apocalyptic intention. One could forgive the ugliness of it all if only there was any obvious desire to communicate, just as one could accept the lack of narrative if only there was any sense of an alternative structure.

The setting of the show in a wishbone of stage with two primeval-looking thrones at the axis, panels of perspex along the back arm and a wedge of audience in the middle, enshrines the failure to communicate in the simple physical fact that nobody in the room can see everything: my own position meant that five minutes had passed before I realised the action had begun. In any other circumstances I would have felt deprived.

Claire Armitstead

London Mozart Players

QUEEN ELIZABETH HALL

This is becoming a regular cultural crossing. The conductor Andrew Parrott made his name in early music, but his concert on Wednesday with the London Mozart Players was only one of what looks to be an increasing number of engagements in the crowded waters of the standard repertoire.

With the example of other conductors such as Harnoncourt before us, we can probably guess what to expect. Those who make the journey have tended to bring with them the characteristics that are prevalent at the moment in the authentic movement – a desire for clean sounds and driving rhythms that will sweep aside the old sentimentality, while delivering the whole thing with a spick-and-span accuracy of ensemble.

The London Mozart Players met Parrott's presumably unaccustomed demands with only passing signs of strain. Their chording was snappily clean, rapid passagework nimble, and they even managed to hold on to the conductor's coat-tails as he leapt vigorously about the platform in whirlwind accounts of the fast movements on the programme. By design, all four of the composers – Mendelssohn, Schubert, Mozart and Bizet – were heard in agile works from their teenage years.

So long as agility was the major requirement, there was indeed some racy music-making to be heard. Both Mozart's blithe Symphony No 27 and the outer movements of Bizet's Symphony in C went with panache. But it does seem almost criminal for a conductor to beat through the heavenly violin theme of the Bizet Adagio with such aggressive rigidity and Mendelssohn's Overture to *A Midsummer Night's Dream* had no mystery or humour.

Still, there was one surprise in store. As a bonus the London Mozart Players invited the audience to meet the conductor and the composer (*sic*) after the concert in the foyer – a once-in-a-lifetime offer to be sure and I only wish I could have been there to see which of the evening's composers turned up.

Richard Fairman

American Ballet Theatre at 50

Ballet Theatre gave its first performance at the Center Theatre in New York on January 11, 1940. The programme consisted of *Les Sylphides*, staged by its choreographer, Mikhail Fokin; *The Great American Goof* by Eugene Loring with a scenario by William Saroyan; and Mikhail Mordkin's *Voices of Spring* from the repertory of Mordkin's own company.

The founder of the new company was a young man named Richard Pleasant, who persuaded Lucia Chase, an heiress and a dancer in the Mordkin Ballet, to sink her personal fortune into the venture. For the first 40 years of the company's existence, Chase remained as director, together with Oliver Smith.

On January 14, American (the adjective was not added until 1957) Ballet Theatre celebrated its 50th anniversary in a gala performance at the Metropolitan Opera House. From the beginning, eclecticism was proclaimed as artistic policy: "the best that is traditional, the best that is contemporary and, inevitably, the best that is controversial." This was reflected in the programme for the gala, whose weightiest segment consisted of excerpts from three ballets by Antony Tudor: *Jardin aux lilas*, *Pillar of Fire*, and *The Leaves are Fading*. They were danced with suitable reverence, even though it is not easy to carve out excerpts. Even so, Carla Fracci, returning as a guest artist, managed to create something of the perfumed atmosphere of *Jardin aux lilas*.

Jerome Robbins, the first important choreographer to have emerged from the ranks of Ballet Theatre, was reported to have refused to participate personally in the gala, though he sent a greeting. His work was represented by the sailors' solos from his first ballet, *Fancy Free*, and by an excerpt from his version of *Les Noces*. The first half closed with an excerpt from Agnes de Mille's *Rodeo* and an appearance by Miss de Mille, who spoke eloquently about the company's history.

Earlier, Oliver Smith had paid tribute to the company's founders and to Mikhail Baryshnikov, its artistic director from 1980 until last year. Baryshnikov, like Robbins, did not appear; it is well known that his departure from the company was acrimonious. Yet it was clear from this gala that under his direction the general standard of dancing improved tremendously. He refurbished the classical repertory; he increased the company's holdings of Balanchine ballets, and brought in Ashton's *Les Rendezvous* and *Birthday Offering*; he took on Kenneth MacMillan and Twyla Tharp as artistic associates, both of whom have made several contributions to the repertory; he added works by contemporary choreographers, including Martha Graham, Merce Cunningham, Paul Taylor, David Gordon and Karole Armitage. The last-named certainly came under the heading "controversial," as did the presence of Tharp.

The best new work choreographed for ABT since Tharp's *Push Comes to Shove* in 1976 was Mark Morris's *Drink to Me Only With Thine Eyes*, in 1988. For whatever reason, no mention whatsoever was made of it during the gala. In the second half Tharp introduced a series of brief excerpts from the works she has made for the company, including two one might have been glad not to be reminded of, *Everlast* and *Bum's Rush*, and the latest, still to have its first full performance, *Brief Fling*. In the finale of *Push*, Tharp made a surprise appearance in the Baryshnikov role.

Alicia Alonso somewhat gingerly negotiated the *pas de deux* from Act II of *Swan Lake*, at a tempo that might have been considered slow even by a Soviet ballerina. The evening ended with a quick anthology of codas and other fragments from classical ballets, which gave nearly all the dancers a chance to shine. In the finale, the entire company filled the stage, wearing costumes by designers from Alexandre Benois to Christian Lacroix.

Both parts of the evening were prefaced by film segments that included clips from movies, television programmes and from amateur films shot in actual performance. Fragmentary as these were, they contained most of the best dancing of the evening. None of today's male dancers, for instance, can equal Igor Youskevitch's performance in Balanchine's *Theme and Variations*. Among the speakers, Natalia Makarova once again revealed her talents as a comedienne. She also quoted Einstein: "I never think of the future, it comes too fast." However, the company must now look forward to an uncertain, unpredictable, future.

David Vaughan

ARTS GUIDE

January 19-25

EXHIBITIONS

London

The Royal Academy: Frans Hals – the great retrospective, already shown in Washington and due to go on to Haarlem, of the work of one of the greatest painters of the 17th century Dutch school. Master of the portrait, he was all but forgotten for 200 years after his death in 1666, and he remains an enigmatic and controvesial figure.
The Hayward Gallery. The Other Story – an intriguing but uneven survey of the work in Britain since the war of artists drawn from cultures other than that of the western European tradition – weak in its socio-political and historical analysis but often strong in the individual work. Daily until February 4, except bank holidays.

Paris

The Louvre. The landscape in Europe from the 16th to the 18th century. The exhibition of some 150 drawings by Rubens, Brueghel, Poussin, Rembrandt and others retraces the development of two different conceptions of landscape representation with the scientific treatment of perspective favoured in Italy and the more atmospheric one prevalent in the northern countries. Pavillon de Flore. Closed Tues, ends April 23 (40205151).
Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) or The Invention of Abstraction. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna-inspired symbolism to non-figurative canvases where glorious colours acquire a life of their own. 11 Avenue President Wilson, closed Mon, ends Feb 25 (47236127).

Brussels

Palais des Beaux-Arts. Ludwig Wittgenstein and his influence on twentieth century art. Also photographs of Yousuf Karsh both closed Monday and end January 28.
Galerie Isy Brachot, 62a Avenue Louise, works of Joseph Buys. Closed Monday ends February 17.
Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March.

Rome

Galleria Nazionale Dell'arte Moderna. Bertel Thorvaldsen (1770-1844). Sculptures, reliefs, portrait busts and drawings by the prolific and talented Danish artist who spent nearly 40 years of his working life in Rome. Neo-classic in style, his works are heavily romantic, but with a purity and simplicity of line which holds them just short of sentimentality. Ends Jan 28.
Braccio di Carlo Magno (St Peter's). Russian icons. Over 100 icons of superb quality in an exhibition organised jointly by the Soviet Ministry of Culture and the USSR-Italy Association. The icons date from the 13th century to the 18th century. Ends Jan 30.

Milan

Palazzo Reale. Fernand Leger retrospective: includes over 150 works – paintings, watercolours as well as book illustrations. Ends Feb 18.

Naples

Castel St Elmo. The conquest of the skies. Aeritalia, the state-owned aircraft company which is part of the Iri-Finmeccanica holding group, has found a novel and imaginative way of celebrating its 20th birthday. In collaboration with the local branch of the cultural heritage ministry, they have organised an exhibition of over 150 works – painting, sculpture and drawings, which offer a potted history of aircraft development this century and give a vivid idea of the grip the early flights had on the imagination of artists such as Balla, Prampolini, Depero, Sironi, and Carra. Ends Jan 28.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1956 and 1985. The exhibition focuses on four themes: Ladies, Crucifixions, Goya's dogsand Multitudes. Ends March 19.
Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.

Vienna

Museum for History. An exhibition of paintings by Arnulf Rainer, deemed to be one of Austria's most successful post-war artists, and who recently had an exhibition in New York. Ends Jan 28.

New York

Pierpont Morgan Library. The library's superb collection on Gilbert and Sullivan, including autograph scores and libretti, letters and memorabilia, is the centrepiece of this exhibit, the most comprehensive ever mounted on the Vicortian operetta masters with more than 400 items on view. Ends Feb 18.
National Academy of Design. More than 160 objects from the Fitzwilliam Museum in Cambridge are making their way round America, giving a sampling of objects and paintings, among them works by Titian, Peter Paul Rubens and Renoir, under the theme of the increase of learning and other great objects. Ends Jan 28.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Tokyo

Teien Museum, Meguro. Art Deco in situ. Once known as the Asaka Palace, and built for a member of the imperial family in 1933, this museum has one of the finest art deco interiors in the world. This is a unique opportunity to see areas of the building not normally open to the public, with explanatory panels and art objects of the period.

Bryn Terfel

CRUSH BAR, COVENT GARDEN

Bryn Terfel is only 23 and yet to make his professional operatic debut (due next month, as Guglielmo for WNO), but he came to his lunchtime recital at the Royal Opera House on Tuesday garlanded with awards, and clearly a prosperous future there for the taking. His bass-baritone is a big, imposing sound, sometimes difficult to scale correctly in the long narrow space of the Crush Bar, but already an instrument of depth and projection.

The best portions of his programme were indeed impressive, though whether Terfel will ultimately make his mark as a Lieder singer seems uncertain. While he managed some of a selection from Schubert's *Schwanengesang* with great effectiveness – a startling "Der Atlas," surprisingly intimate "Der Taubenpost" – the thread of four songs from Schumann's Op.39 *Liederkreis* was lost too often, with phrases left dangling and undirected.

On the surer ground of Vaughan Williams's *Songs of Travel* and a group of seasongs that included Ireland's "Sea Fever" Terfel relaxed; the singing gained confidence and the phrasing seemed idiomatic rather than just well schooled.

Some serenades made up the rest, including a truly dreadful example by Ibert the Welsh traditional "Dafydd y Garreg Wen," and Don Giovanni's "Deh, vieni all finestra" as an encore. They were engagingly delivered, and Terfel has already acquired a winning way with audiences. He will go far, though whether his talents lead him away from the opera house and concert hall and towards television and lighter music remains to be seen.

Andrew Clements

ORGANIZATION OF HUMAN RIGHTS IN IRAQ

The Organisation of Human Rights in Iraq calls on Freedom Lovers to participate in the demonstration which will be held in the commemoration of the second anniversary of the assassination of Mr. Mahdi Al-Hakim, one of the founders of our organisation. He was assassinated in Khartoum, the Sudan, by the Iraqi regime on 17th Jan. 1988.

Your attendance will grace the occasion and serve as a gesture of support to the Human Rights issues in Iraq, which are constantly violated by the Iraqi Dictator Sadam Hussein.

Time: 13.00 p.m. Saturday 20th January 1990.

Venue: Speakers Corner (Marble Arch, W1) - the Iraqi Embassy (Queens Gate) SW2.

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An imperial burden

WESTERN LEADERS now claim to have the interests of Mr Mikhail Gorbachev at heart: they have all concluded that, so far as it is in their power, they should assist him to stay in office. If they are to be friends, however, they must sooner or later be candid ones. In that role, they cannot avoid the conclusion that his efforts to maintain a Union of Soviet Socialist Republics are doomed.

Because western European empires were far flung and the United States never acquired one, the western eye often misses the fact that the Soviet Union inherited and then, after an initial half-hearted effort at decolonisation, extended a Czarist empire the aim of which was to rival and defeat the old Polish, Turkish and Austro-Hungarian empires – all of them built up of adjoining states and principalities. Both the Baltic states (Estonia, Latvia, Lithuania) and the Transcaucasian ones (Armenia, Azerbaijan and Georgia) had tasted brief spells of separate, if dependent, nationhood. The Baltic states had theirs between the two world wars, the Transcaucasians for a year or two in the early 1920s, before the Bolsheviks succeeded in imposing Soviet rule.

Moslem incorporation

The incorporation of the Moslem peoples was particularly crude. There was little indigenous communism in the Moslem states and communities. What there was was often local leaders choosing the Bolshevik side in the civil war because it appeared to offer more autonomy than the White armies. Once the Transcaucasian and Central Asian Islamic peoples were inside the Soviet net, they suffered a loss of culture and of opportunities for religious observance on as great a scale as the European Russians and others.

Of course the Communist Party raised local elites in the Moslem areas: but their representation in the higher reaches of power has always been tiny and token, and is now as low as it has ever been. At a time when the birth rate among the Islamic Soviets is rising very fast, when 40 per cent of all new entrants to the labour force are Moslem and when (on current trends) the Soviet army will draw half of its recruits from Moslem areas by the end of the century, no-one from that culture has a place in the Politburo of an almost wholly Russian-dominated Communist Party.

When Mr Gorbachev speaks, as he still does, of "our common European home," he stirs up two reactions within the USSR, both of them bad for him. Those who do wish to be part of it – the Baltic peoples in particular, but also the Ukrainians, the Moldavians (who are mostly ethnic Romanian), the Georgians – see eastern European countries cutting ties with the Soviet Union as rapidly as possible, and wish to follow suit.

Political underclass

For the Moslem peoples, further east, common Europeanness has as yet little resonance. It sounds rather like a Christian/secular union to them, one in which the Moslems are often an underclass, nowhere politically important and forced to see blasphemies like The Satanic Verses freely available. When communism, of whatever kind, ruled from Moscow and enforced its will through local mafias, or greased it by means of corruption, Moslem sentiment could be kept at bay. A modernising, "democratic" communism has no official recourse to these instruments, except *in extremis*.

The Moslem peoples, like the Baltic ones at the other pole of the empire, will ineluctably go their own way. There does not seem to be any help for this whatsoever. More troops into the Transcaucasus; the evacuation of all Armenians from Azerbaijan and vice versa; the removal of the Armenians of Nagorno-Karabakh from that disputed enclave into Armenia and the handing of the empty land to the Azerbaijanis; the use of UN troops; a joint Soviet-Iranian-Turkish approach to the issue – none of these looks like working.

Mr Gorbachev's next labour of Hercules – it is certainly an open question whether he could ever get the political consensus even to begin it – should be to study a decolonisation programme for his union/empire: one which may be able to transform it into a commonwealth, and which would avoid the inter-ethnic hatreds the British empire left behind its retreat in parts of Asia and Africa. But the central objective is to get to states which regard themselves as real and whose peoples want to stay together. Therein lies what strength the Soviet Union will have in the next century. It weakens itself by attempting to carry the imperial burden further.

Politicians and the banks

THE BRITISH clearing banks have never ranked high in the estimation of politicians. On various occasions they have been accused of political insensitivity in the timing of their base rate rises, profit declarations and pay concessions – no matter that these tend to be a reflection of the government's own monetary policy at the time.

Mrs Margaret Thatcher is no exception to the rule. Since she came to power in 1979 the banks have been subjected to an ill-timed windfall profits tax and a good deal of jaw-boning. So when the Prime Minister is almost comically described by her Education Secretary as "absolutely fizzing with fury" at the clearing banks' decision to pull out of the government's student loan scheme, it is tempting to ignore the incident.

Verbal assault

The verbal assault was, however, reported to have been accompanied by threats of unspecified retribution against the banks. Since the banks were doing no more than putting the legitimate interests of their shareholders before those of the Tory party, the incident deserves more careful consideration.

A system of rewards and penalties for politically acceptable business conduct may be a way of life in the French or Japanese financial markets, but such statist behaviour sits oddly with Thatcherite ideology.

Power of patronage

Rolling back the barriers of the state does not, of course, eliminate the need for direct contact between government and business. Ministers will always exercise a power of patronage in defence contracting; monopoly utilities will inevitably be subject to state-imposed control (though the replacement of ministers by regulators as the instrument for exercising control is a clear improvement); and banks will always attract political attention because they are at the core of the government's monetary policy. What matters is that the relationship should be transparent and governed by a clear set of rules.

Exploitation danger

Without such discipline the disparity between political and financial values can easily be exploited by agile businessmen. The takeover of an ailing business in a marginal constituency may be insignificant in relation to a multinational company's balance sheet, but hugely valuable to a government with a dwindling majority.

By the same token, a minister can dispense patronage to a defence contractor, at no personal or political cost, which amounts to years' worth of ongoing turnover.

Thatcherism is much admired outside Britain for its determined assault on the kind of corporate state in which politicisation of the economy leads to an inefficient allocation of resources. But it has not put an end to some curious exercises in ministerial patronage – notably Lord Young's controversial decision to give exclusive purchasing rights over Rover Group to British Aerospace, a company that is engaged in numerous other politically sensitive transactions with government.

Mrs Thatcher's rage at the banks once again points to a contradiction between authoritarian instinct and market ideology; also to the rather paranoid streak in a government that is baffled and outraged by anything short of total support.

At least the clearing banks will not now come under ideological attack for their profitability. Thanks to the earlier exercise in official prompting, which led to the Latin American debacle, the profits have been cut down to size.

Peter Riddell finds that President Bush is looking like more than a 'caretaker' after 12 months in office

Moving on from the Reagan inheritance

When President George Bush was sworn into office 12 months ago, he was widely seen as a caretaker, inheriting the Reagan legacy of peace and prosperity with few ideas and no agenda of his own.

As he said in his first address to Congress last February, the US is "fortunate – a much changed landscape lies before us tonight. So I don't propose to reverse direction. We are headed the right way."

A year later Mr Bush has proved to be more than a caretaker, at least abroad – and not just because of the intervention in Panama, the US's most domestically popular military action of the post-Vietnam era. He has been forced to develop his own policies to match a rapidly changing landscape overseas as a result of the upheavals in Eastern Europe.

More fundamentally, Mr Bush and his advisers have shed the grandiose view of the country's superpower status of the Reagan years. Instead, they have a more limited idea of the US as a partner, albeit a leading one, both of an economically strong and globally involved Japan and of a resurgent and self-confident western Europe.

The shift in US policy has at times been tentative. This has in part reflected the character of Mr Bush. When faced by television cameras in the Oval Office after the opening of the Berlin Wall on November 9, Mr Bush offered only a mumbling, uninspiring response, while Mr Reagan would have delivered a memorable phrase.

But this public face is misleading since Mr Bush can be more decisive, generally after lengthy consultation, both with his own advisers and with foreign leaders – telephone rather than megaphone diplomacy. Mr Bush showed this decisiveness over the invasion of Panama and in keeping open high-level contacts with the Chinese authorities after the Tiananmen Square massacre.

Domestically, Mr Bush inherited a tight budgetary framework and he has had neither the political will nor the authority (in face of a Democratic-run Congress) to break out of this fiscal stalemate. There has been no real progress in dealing with pressing social problems such as education standards, crime and drugs.

If the Reagan era in part involved a romantic reassertion of American greatness, the Bush years may be marked by a more down-to-earth realism, a recognition of constraints in part themselves created by the 1980s.

This is a difficult point at which to assess the Reagan legacy, not least because the former president's reputation has suffered even more than usual in the immediate aftermath of political retirement.

Mr Reagan's passivity, his lack of attention to detail and the bitter back-stabbing within his White House entourage have contrasted unfavourably with Mr Bush's evident competence, a relatively harmonious administration and, not least, his accessibility to the press. Disclosures of sleaze and influence-peddling among Mr Reagan's appointees have further tarnished the memory. Mr Reagan has not helped himself, notably during a trip to Tokyo sponsored by a leading Japanese media group when he earned several million dollars.

Yet all this is irrelevant to American conservatives. To them Mr Reagan is the man who made possible all the latest changes. In a recent article entitled "Man of the Decade? Man of the Century!" conservative strategist Jeffrey Bell argued that, "by making democracy vigorous again – ideologically, economically, militarily – he won the Cold War and ended the century-long era in which socialism appealed to popular opinion."

To Edwin Feulner, president of the Heritage Foundation, the most influential conservative Think Tank, President Reagan reasserted the US leadership role. He challenged the Soviet Union through argument and the US arms build-up of the first half of the 1980s. On this view, the rise in US defence spending, coupled with the Strategic Defence Initiative (the "Star Wars" project), forced the Soviet Union to accept the need for change. In short, the West won the Cold War by standing up to the Soviet Union, by spending them into the ground.

There is perhaps more in this argument, at least in terms of the reassertion of American strength, than is often conceded in Europe. Nevertheless, American conservatives underrate the contribution of Mr Mikhail Gorbachev as Soviet leader for the past five years. This strangely contrasts with the enthusiasm for him expressed by Mr Reagan and his ideological soul-mate Mrs Margaret Thatcher. They each found they could do business, "as history-makers," with Mr Gorbachev. There is a conflict in the arguments of many US conservatives about whether the Soviet bloc is collapsing more because of the strength of the West or because of the inherent weaknesses and contradictions of communism.

If all this – and the new US understanding with the Soviet Union reached in the later Reagan years –

The Bush administration has shed the grandiose view of the country's superpower status of the Reagan years

provides a favourable legacy, Mr Bush has not been able to sit back. He has had to develop his own approach in response both to the changes in the eastern bloc and to the west European reaction to them. After some dithering in the spring, Mr Bush finessed a Nato argument about short-range nuclear missiles in Europe by proposing to reduce conventional weapons in Europe to a lower level, involving a much larger cut on the Soviet than the US side. This is the start of a potentially large-scale reduction in US forces across the Atlantic. The Bush administration has also offered support, both political and financial, for internal reform in Eastern Europe and has backed, verbally rather than with money, Mr Gorbachev's perestroika programme – while pushing ahead with wide-ranging arms control talks.

If these changes have been locally driven in the main, the Bush administration has been willing to recognise the need for a new transatlantic relationship. While President Reagan often appeared impatient with Europe, Mr Bush is understanding – a tireless consulter.

The Bush team acknowledges, if seldom very loudly, that the US can no longer dominate the western alliance. It has to work in partnership with strong allies, not least because of domestic Budgetary constraints.

These constraints are the other side of the Reagan legacy. There may have been 86 months of continuous economic growth (though beginning to falter now), low unemployment and modest inflation – "Reagan's Great Expansion" as conservative economist Martin Anderson remarked this week. But this expansion was fuelled by tax cuts and increases in defence spending which pushed up the Federal Budget deficit.

Almost all politicians agree that the deficit needs to be cut further, and personal savings raised, to increase domestically generated investment and reduce the need for foreign inflows. But continued domestic prosperity, and the absence of financial market pressures, have meant that neither the Bush administration nor the Democratic controlled Congress have been forced to take serious action about the deficit. Everyone has tut-tutted, but this year's Budget on January 29, like last year's eventual package, will rely on a mixture of minor tax changes euphemistically known as user fees, a limited across-the-board squeeze on spending and fudges to meet the statutory target for cutting the deficit.

Yet there is no sense of fiscal crisis. One of the central tenets of the Reagan era – that taxes can be cut almost regardless of the impact on the deficit – has been maintained. American conservatives who have previously been suspicious of Mr Bush have consoled themselves that as president he has stuck firmly to his "no new taxes" pledge.

To some extent, Mr Bush's firmness over taxes is his only significant concession to the disorganised ranks of US conservatives. Pragmatism rules in many other areas of domestic policy such as deregulation and anti-trust policy.

Even on abortion, that other touchstone for the American right, Mr Bush's key advisers are keen for him to play down his views given the defeat of "pro-life" Republicans in last November's governorship elections in New Jersey and Virginia.

Popular opposition to higher/new taxes remains a fixed point of most American politicians' thinking, and was reinforced by last summer's revolt by better-off retired people against paying more to finance catastrophic health care for the elderly. In practice, lower income taxes have been partially offset by higher social security payroll taxes, which is why the Administration is now so alarmed by Democratic suggestions that these should be cut. So devoted was President Bush to lower taxes that last year's fiercest political battle was over cutting capital gains tax in the hope of stimulating investment, a true supply side cause in the Reagan tradition.

In the absence of new taxes and with the Budget deficit targets applying some squeeze on spending, there are tight constraints on what the president can do – whether overseas or at home. The profligacy of the early Reagan era has resulted in a period of restraint now. Internationally, this has meant that Japan has this month offered much larger financial help than the US to Poland and Hungary, and Tokyo has also made a bigger contribution to relieving Third World debt problems, even of US neighbours in Central America. The shift in financial weight, and potential political power, towards Japan is one of the most pressing issues for the Bush team.

Within the US, the Reagan legacy of cutting domestic programmes has produced widespread complaints about deteriorating public infrastructure, as well as a recent report showing no improvement in already inadeqate standards of public education. Unlike his predecessor, President Bush has shown an awareness of these needs.

But, given the budgetary pressures, Mr Bush has only been able to make gestures to fulfil his promise of a "kinder, gentler nation" – of being an education or environment president, of fighting crime and drugs. The scourge of drugs, particularly crack amongst blacks and Hispanics in the inner cities, is regarded by American voters as the country's most urgent domestic problem. The Bush administration has produced a drugs package aimed primarily at restricting supply from Latin America, but many question whether enough is being done at home to reduce demand and treat addicts.

President Bush has in part been constrained by the Democratic-controlled Congress, allowing him to complain, as he will in his State of the Union address on January 31, about an unfinished agenda. Only when faced by a crisis, such as the collapse of large parts of the savings and loan industry, did the Administration and Congress respond with the biggest financial rescue in history.

Overall, one of the main legacies of the Reagan era has been an erosion of American competitiveness, as reflected in the current malaise at General Motors. Mr Reagan did not appear to recognise the problem, despite the rising trade deficit and reliance on foreign capital. Instead, he focused on the immediate prosperity. Many of Mr Bush's advisers do accept the seriousness of the US's long-term difficulties. But so far they are no nearer any solutions, nor is there any real sense of urgency.

For most Americans, at any rate those outside the crime and drug ridden inner cities, life remains good. For them, the relative decline of the US is an abstraction. They can afford to look with awe at the heroic events across the Atlantic, not demanding any dramatic response from their president.

A year ago Mr Bush was expected to be little more than the manager of the Reagan legacy, the unheroic chief executive officer after the starry-eyed founder. Mr Bush has proved to be more than that internationally, but not so far domestically. By preserving the more optimistic national mood of the Reagan years, his personal opinion poll ratings are among the highest for any recent US president after a year in office. But he has yet to face a significant domestic challenge, or an economic downturn.

OBSERVER

Bowing out at NFC

■ When Peter Thompson, chairman of NFC, was knighted in 1984, his friends knew that whatever the citation said, the honour was for "services to privatisation". For NFC, the UK freight hauling company which includes Pickfords and BRS, was one of the first of the nationalised industries (in 1982) to be hived off into the private sector.

Yet Thompson was and remains a most unlikely champion of the Thatcherite right. Now 62, he announced yesterday that he will retire as chairman of the company at the end of the year. And to hear him talk of the roles and responsibilities of capital and business is to hear echoes of the 1970s debate about the valuable role which worker participation and worker (not trade union) board members can play in corporate success.

NFC, to be sure, was an unusual privatisation. Market conditions as well as Thompson's own preferences determined that it was launched first as an employee buy-out and was only floated on the stock market in 1989. But perhaps that was its attraction.

Thompson maintains that it is the employees' stake in NFC's shares, but also the way in which share ownership is reinforced by employee consultation and participation, which gives the company its special character. He is pressing now for an employee director to be appointed to the board, just as there is a shareholder representative. In part, his views reflect a critical appraisal of the role of institutional shareholders as owners of companies.

On these matters, he seems in tune with Jacques Delors and the supporters of a Social Charter for Europe. One picks up the impression that he would like to champion his causes in the political arena. Could the person who gave him his knighthood for services to privatisation allow him to have free rein in another place?

Quiet visit

■ There was a time when British ministers visiting Bonn aroused some interest. It is no longer automatic. William Waldegrave, junior minister at the Foreign Office and made a Privy Counsellor in the New Year's Honours' List, passed through for talks on Wednesday on his way back from Eastern Europe. He saw officials, not ministers, received not a line in the German press and not a single representative of a German newspaper turned up at his briefing in the British Embassy.

Engagement

■ Britain's 20,000 professional production engineers have found a new suitor in the Institution of Electrical Engineers. Consummation is confidently expected next year, with the Institution of Production Engineers accepting the name of a learned society nearly twice its age and with over five times its membership.

An earlier courtship of the production engineers by the Institution of Mechanical Engineers foundered partly because they could not agree on a name.

But the pragmatists presently installed as their respective presidents – Frank Turner, the Rolls-Royce director and top manufacturing expert, and Jim Smith, chairman of Eastern Electricity – seem to have agreed that the joint learned body shall simply be known as the Institution of Electrical Engineers.

The close affinity of electrical and production engineers is not widely recognised, acknowledges John Williams, the Electricals' secretary. Yet manufacturing today is all about control systems, microprocessors and information technology, not mechanical systems, Williams says.

"I'm fizzing with fury over this poll tax demand."

For the under-privileged production engineers, it will mean an elegant new club house next door to the Savoy, with a comfortable bar and one of the most popular lecture theatres in London for the technical community.

Hurd sells out

■ More on the successes of our distinguished Foreign Secretary and ex-author. While in Hong Kong earlier this week, Douglas Hurd was asked by a reporter whether he could design a similar happy ending for Hong Kong's current woes as he has in his book, The Smile on the Face of the Tiger, where China decides after much diplomatic skulduggery not to invade the British colony.

The Foreign Secretary dodged the question, but suggested to the assembled journalists that they should all buy the book so that his publisher could be persuaded to re-issue it.

First published in 1969 the book, jointly written with Andrew Osmond, has been selling in its 1980 paperback form in a few central Hong Kong bookshops. The most enterprising, Hong Kong Book Centre, gathered several hundred into its five shops when Hurd was appointed last October. A few also appeared in Hanoi.

Hurd himself says he is not quite sure where the copies came from, and privately regards suggestions that he should update the book as mischievous, though not without a smile of his own.

Anyway, the shelves in Hong Kong are now bare. One of my colleagues bought the last copy yesterday lunchtime.

Not Lawson

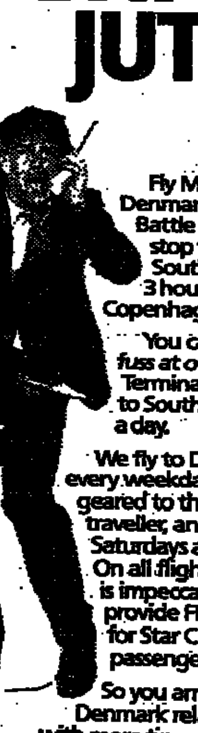
■ One of the more persistent rumours at the time of Nigel Lawson's exit from government was that he would re-emerge as chairman of Barclays Bank's investment banking subsidiary, Barclays de Zoete Wedd, and understudy Barclays' chairman, Sir John Quinton.

That appears to have been scotched by yesterday's news that the current incumbent at BZW, Sir Martin Jacomb, is staying on – at least for the time being. Jacomb has just reached the age of 60 and his existing five-year contract expires at the end of June. He has agreed a new contract with Barclays, although one without a set time limit.

Type cast

■ From a California college magazine: "While we were at the zoo our small daughter made friends with an aardvark. Despite its forbidding appearance, it proved to be the gentlest of creatures and seemed as though it would not hurt a fly." As they say, aardvark never killed anybody.

WIN THE BATTLE OF JUTLAND



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POLITICS TODAY

Counting minutes to the year's end

By Joe Rogaly

Mrs Margaret Thatcher's government is beginning to hate 1990. It longs for 1991. Everything will be all right then, her Ministers tell themselves, if only we can get through this ghastly year.

Take last night. The Conservative backbench revolt was unpalatable enough. What was worse was the perception that the rebels wanted one thing: more money. Their demand was for a larger centrally-funded bribe to ease the local poll tax through. Worst of all was the sick feeling that the tax may have been the greatest political mistake of the late 1980s. This is true democratic justice. Most of the gainers are Tory; many of the losers are likely to become ex-Tories. We shall know more about this after the local council elections in May. The extent of Conservative concern is clear from the observation of one member of the Cabinet that perhaps the voters will hardly notice the effect of the community charge, since they are already hit so hard by high mortgage rates and rising inflation. He might have added that by May some of them might have been hit even harder by the March Budget.

The more substantive fear is that inflation may not in fact be wrestled to the ground during 1990. Nobody knows what will happen to wages. In the private sector, the Ford unions are using the argument that the 10 per cent-plus offer from the company is insufficient to compensate motor workers for high mortgage payments. That is what happens to Governments that base their political strategy on the creation of a property-owning democracy and their economic strategy on interest rates.

In the public sector, the ambulance workers have demonstrated that unions can now produce an unexpectedly telegenic style of leadership, thus attracting a degree of public sympathy that some of Mrs Thatcher's colleagues thought had vanished with the 1970s. There is no way of winning this one: the Government has to stand pat, as would any employer, on a final offer. The price of this necessary firmness will therefore have to be paid, probably in the form of confirmation of the general suspicion that the National Health Service is not safe in Mrs Thatcher's hands. No wonder the Labour Party loves the dispute.

Meanwhile, the Prime Minister's grand strategy is in danger. Consider. Mrs Thatcher aims to project the Conservative Party as the one that has made Britain's economy so strong by fostering private enterprise that it can now afford to improve the quality of public services. The demand for an ever-improving National Health Service, better schools, and a cleaner environment will be met in the next Conservative manifesto.

It will not be easy to project the NHS part of such a manifesto, even if the ambulance dispute is forgotten by then. For the next year or so will be taken up with an attempt to implement the Government's proposed reforms of the health service, against the predictable opposition of much of the medical profession. The Minister in charge, Mr Kenneth Clarke, has not so far shown an aptitude for the necessary emollience. Everyone who knows him likes him as an individual, but the Labour Party likes him most of all as a political opponent.

The new Education Secretary, Mr John MacGregor, is the opposite of Mr Clarke. He sees his role in life as to go around exuding reasonableness. But the Tories seem to have run out of fresh ideas on education, following the Herculean efforts of Mr MacGregor's predecessor, Mr Kenneth Baker. Mr Baker gave us the new core curriculum, the opportunities for schools to become self-governing, the move to a student-based method of channelling public funds to universities and many other novelties.

Mr MacGregor's task is to make these ideas work. Student loans are proving awkward. The commercial banks will not administer them, so he now has to found the MacGregor Bank. This will be the Thatcher Government's first creation of a state-owned financial services company. As to the rest of the Baker legacy, if Mr MacGregor keeps his head down, he should have the entire machinery in fairly good condition and winning parent approval by, say 1997 – if he, and the Conservatives, are still in office by then. What Mr MacGregor is not doing is thinking about any further fundamental reforms of education, to follow Mr Baker's. That is not how he sees his job – although I am glad to say that he does seem to understand that he will fulfil his present function reasonably well if he extracts more money for schools from the Treasury this autumn.

That leaves the environment. Last summer, shortly after the Green Party surprised us all by its relatively good showing in the elections to the European Parliament, the strategy seemed easy. Move the unpopular Mr Nicholas Ridley out of the Department of the Environment and replace him with the cheerful, undeniably Green, Mr Chris Patten. This was done. We can now see the snag. Mr Patten might sing like a friend of the earth, but the tunes, and many of the lyrics, still have to be Mr Ridley's. There was so much left behind. Mr Ridley's successor might have revoked authority for a new town or two, saving a greensward here or there, but it has become Chris Patten's privatisation of water, Patten's poll tax revolt, Green Chris's dismemberment of the Nature Conservancy Council, P's polluted beaches.

To his credit, Mr Patten has made the best of what had to be a bad job. He has nearly put the Nature Conservancy Council together again, by giving it a co-ordinating committee; he clearly did not regard it as worth the necessary political blood to revoke the scheme altogether. The Environment Protection Bill, which received its second reading in the Commons on Monday, sets out to control pollution and fine litter louts. It is essentially Mr Ridley's bequest, but it was introduced in Mr Patten's tone of sweet reasonableness, and partially saved by the unconstructive petulance of Mr Bryan Gould's speech on behalf of the Labour Opposition.

The most telling opposition speech came from Sir Hugh Rossi, the Conservative chairman of the Select Committee on the Environment, who described the weaknesses of Her Majesty's inspectorate of pollution (HMIP), which is underpaid, understaffed, and beset by morale problems. Yet without a forceful HMIP much of the bill is meaningless. Sir Hugh also drew attention to the formula demanding that firms should abate pollution by using the "best available techniques not entailing excessive cost" – a bureaucrats' and lawyers' let-out charter if there ever was one. Mr Patten, who gives the impression of agreeing with much of what Sir Hugh said, did score a notable improvement on Ridley-plus by promising that there will be full disclosure of the raw data provided by companies; we must give him the benefit of the doubt when he says that the caveat, "subject to the needs of commercial confidentiality" will be closely defined and not misused.

There was much doubt about that full-disclosure clause in Whitehall. The Environment Secretary won it when the Prime Minister backed him. The key question between now and Easter is, will Mrs Thatcher back Mr Patten in his first truly post-Ridley task? This is to be his preparation of a definitive statement of Government policy on all aspects of the environment, from litter to greenhouse gases. It is seen in the Department of the Environment as something that should set the lines of environmental policy for the coming decades in the same way as the wartime Beveridge Report set the foundations of post-1945 social policy.

In Downing Street it is seen as a runner for centrepiece of a quality-of-life election manifesto. The Prime Minister is chairing a special cabinet committee to debate the proposals that are coming up, and there lies the rub. She is genuinely torn. Part of her is all Patten: go for target reductions in the emission of carbon dioxide from motor cars and power stations, tax energy to reduce its use, put in a new regulatory framework for electricity generation, make environmental audit an essential feature of public-sector management everywhere (following the example now set by the Environment Department), perhaps even set up an Environmental Protection Commission, at arms-length from government, that would take in HMIP and the National Rivers Authority.

Another, conflicting, part of the Prime Minister's make-up reflects the view put by the neanderthal Tory MP Teresa Gorman on Monday, that measures "should be industry-friendly, as well as environment-friendly." This is not hard to counter: you just point out how cash-friendly the German and Japanese manufacturers of clean-environment products have found greenery to be. A third strand of Mrs Thatcher's psyche is perhaps the predominant one right now: political caution. People like Mr Kenneth Baker, the party chairman, Mr Cecil Parkinson, the Transport Secretary and even, I gather, Mr Peter Walker, the Secretary for Wales, have warned her against anything that adversely affects motorists. That is why an excellent road-use pricing scheme, generated by her own Policy Unit, seems to have been smothered. Mr John Wakeham, Energy Secretary, must regard the privatisation of electricity as of greater moment than plans for reducing its use, by conservation, or increasing its cost, by taxing it.

Few of the above proposals are thought to be voter-friendly. In the current pre-election mood Mrs Thatcher is therefore as likely to come down for caution as she does for a serious environmental policy. All Whitehall is battling for her ear. The argument is on now; the results will be written up, partly by Mr Patten himself, during the summer for publication in September. We will then be able to see the colour of the courage she is, or is not, showing during the politically awful first months of 1990.

LOMBARD

Rewriting the NHS rule book

By Michael Prowse

FOR THE PAST 40 years, almost everybody in Britain's National Health Service has regarded himself (or herself) as a provider of health care. The managers of district health authorities have not, of course, been wrapping bandages or performing operations. But they have still been employed on the production side of health care because their task has been to manage producers – the doctors and nurses. If the Government's proposed legislation survives Parliamentary scrutiny, this homogeneity will soon be a thing of the past. The plan is to spin off as many hospitals as possible as "self-governing" trusts. Health authorities, stripped of their productive capacities, will become purchasers of care.

In the past year, the provider role has grabbed the limelight. The powers and responsibilities of self-governing hospitals have been debated at length. So have the conditions of service of general practitioners – the providers of primary care. But the challenges confronting health authorities in their new guise as purchasers of care have received little attention, perhaps because they warranted so little space in last year's white paper. This is a curious ordering of priorities because the success of the health reforms will depend largely on health authorities' skill as purchasers of care.

The potential advantages of the purchaser/provider split were emphasised by several speakers at a conference organised this week by the National Association of Health Authorities. Managers, for example, will have an opportunity both to reassess the health needs of their resident populations and to decide how best to meet them. If they listen to directors of public health (previously an underrated speciality in the NHS) they may put more resources into preventive medicine and less into high-tech acute surgery. They could also promote under-resourced services such as care of the disabled and mentally ill. In drawing up contracts with providers they could insist that hospitals adapt to the needs of patients rather than vice-versa: for example, start meeting demand for home births.

But if the purchasing authorities are to become effective "consumer advocates," various conditions must be fulfilled. In the first place, they must be in a strong bargaining position relative to large providers. Dr Chris Ham of the King's Fund College told the conference that authorities should try to establish the kind of relationship with provider hospitals that Marks & Spencer enjoys with its network of suppliers. Yet it must be doubtful whether such paternalistic relationships will be possible. The danger is that purchasing power in the reformed NHS will be far too fragmented.

The problem is not just the existence of nearly 200 small health authorities, but the fact that ministers are also keen on devolving budgets to general practitioners. This week, the Health Secretary claimed that hundreds of family doctors, covering up to 5m patients, had expressed an interest in budgets. The cash for these mini-budgets will be siphoned off from district authorities' allocations. Yet does anybody believe that hundreds of isolated GPs will be well placed to extract good terms from the likes of Guy's Hospital in a competitive health care market? If the consumer is to be well served, it might make sense to abandon the idea of GP budgets and start merging district health authorities.

Larger authorities would have the muscle to extract good terms from providers. But this will not help resolve a deeper dilemma. These bodies will be run by wholly undemocratic boards of directors whose only allegiance will be to higher tiers of NHS management. (Local authorities' right to nominate members has been scrapped). They will have strictly finite resources yet be required to give everybody access to "a comprehensive range of high quality" services. How will they justify their decisions about priorities? The purchaser/provider split, by making resource allocation decisions more transparent, seems bound to bring politically explosive issues of fairness and equity bubbling to the surface.

LETTERS

Why the crown and Lords are the envy of others

From Mr Jan Salonen.

Sir, Joe Rogaly ("Time to hang up the royal hat," January 12) is now propagating republicanism. But British intellectuals who embrace republicanism do not seem to realise what they are prepared to sacrifice. For instance, my brother imports British chocolates with the Queen's coat of arms on the package, and they do a brisk trade. Has anyone calculated the economic benefit to Britain of these royal badges of approval? I am prepared to bet that this pays for the Civil List many times over.

The important thing is to have a constitution that works and that minimises abuse of power. The US is admired as a country with an ideal constitution, but that constitution is now emerging as a failure. It has produced much paralysis in government. US society cannot develop and huge problems are being postponed indefinitely. Since 1980 the US has largely been governed by the Federal Reserve Board, a completely unelected body.

What is needed is a check that does not hamper normal executive work, but which operates in extreme conditions. The monarchy is well-suited to this task. Britain needs a written constitution, if only to define in what circumstances the sovereign is entitled to act independently. The sovereign's specific role would be as a guarantor of the constitution and as a leader of bipartisan national security work.

The House of Lords has evolved into a splendid institution, which could never have been invented. None of the elected upper chambers in Europe comes close to it in prestige and influence, precisely because the Lords is an unelected body of retired luminaries.

It is strange that some British intellectuals would like to get rid of their monarchy and institutions just when several central European countries would like a constitutional monarchy, but cannot find a way to bring it about.

Jan Salonen,
Lilla Ullholmsn 1B14,
SF OO960 Helsinki, Finland

Ways and means of retaining valued staff

From Mr R.J. Jeffers.

Sir, Michael Dixon ("How restrictive can contracts be?", January 12) notes the Peter Henderson case, where the Court of Appeal granted the employer, the Evening Standard, an injunction restraining Mr Henderson from working for a rival during the period of his notice. The employer was prepared to pay salary during this period although he was not obliged to work – that is, he was left on "garden leave."

However, employer euphoria on this case was subsequently tempered by another Court of Appeal decision (Provident Financial Group and Harvard), where the court, in reviewing the Henderson case, concluded that an injunction would not be granted to enforce garden leave arrangements where there is no real prospect of serious or significant damage to the employer from the employee joining a third party in breach of his obligation to give notice. The employer's remedy in damages remains.

Nevertheless, all is not lost for the employer who wishes to retain staff. Methods commonly adopted range from post-termination of employment restrictive covenants (covenants that come into play after the notice period has elapsed) to share options, deferred cash schemes or other forms of "golden handcuffs" and to taking practical steps to prevent the leak of trade secrets or confidential information. There is much the employer can do to protect his legitimate trade interest although the courts will not help him go further.

R.J. Jeffers,
Barrington House,
59-67 Gresham Street, EC2

Plea answered

From Ms Janet Adams.

Sir, Skillnet has good news for Mr Mahtarr Samba, co-ordinator of Tower Hamlets Afro-Caribbean Association. Alan Pike's article ("Locked into a lifestyle under siege", January 6) on inner city life in the borough contained a plea from Mr Samba for a well-planned access scheme combining good quality training with commitments from employers so that local people could share in the full range of job opportunities in Docklands.

At our local centres in Docklands customers can receive objective advice, access and referral to training opportunities. We are working with employers to demonstrate the advantages of recruiting local people and to increase the number and range of jobs. More than 50 per cent of customers using our Poplar centre in Tower Hamlets are from local ethnic groups.

Janet Adams,
Manager,
Skillnet Centres,
Suite 9, Ensign House,
Admirals Way, Waterside,
South Quay, E14

Son Sann, Sihanouk and the Khmer Rouge

From Mr T.C. Dodds.

Sir, Your leading article ("Cambodia's Gordian knot", January 10) talks of "Pol Pot's Khmer Rouge Group" being supported by the West. This is not quite true.

The Khmer Rouge is one part of a coalition called the Khmer People's National Liberation Front – the Cambodian government in exile which is recognised by the majority of United Nations Members. Mr Son Sann, Prime Minister of this coalition, is certainly not a Khmer Rouge man. All with knowledge of the situation know that the supporters of Mr Son Sann and Prince Sihanouk far outnumber those who support Pol Pot.

One of the problems, to which Mr Son Sann has repeatedly drawn western attention, is that the West refuses to support the Son Sann and Sihanouk forces with arms. It gives only humanitarian aid. In their fight with the communist Vietnamese-installed government of Hun Sen, Son Sann and Sihanouk have to rely mainly on the Chinese-armed Pol Pot forces for military support.

T.C. Dodds,
Valley Farm,
Tetworth,
Sandy, Bedfordshire

Personal pensions: a 'master-stroke' but time is needed

From Mr B.H. Shaw.

Sir, I was surprised ("The Long View," January 6) to read such a downbeat critical attitude to personal pensions as that of Michael Prowse. I declare a vested interest because my firm has marketed these products successfully, but they are successful because they have merit and appeal.

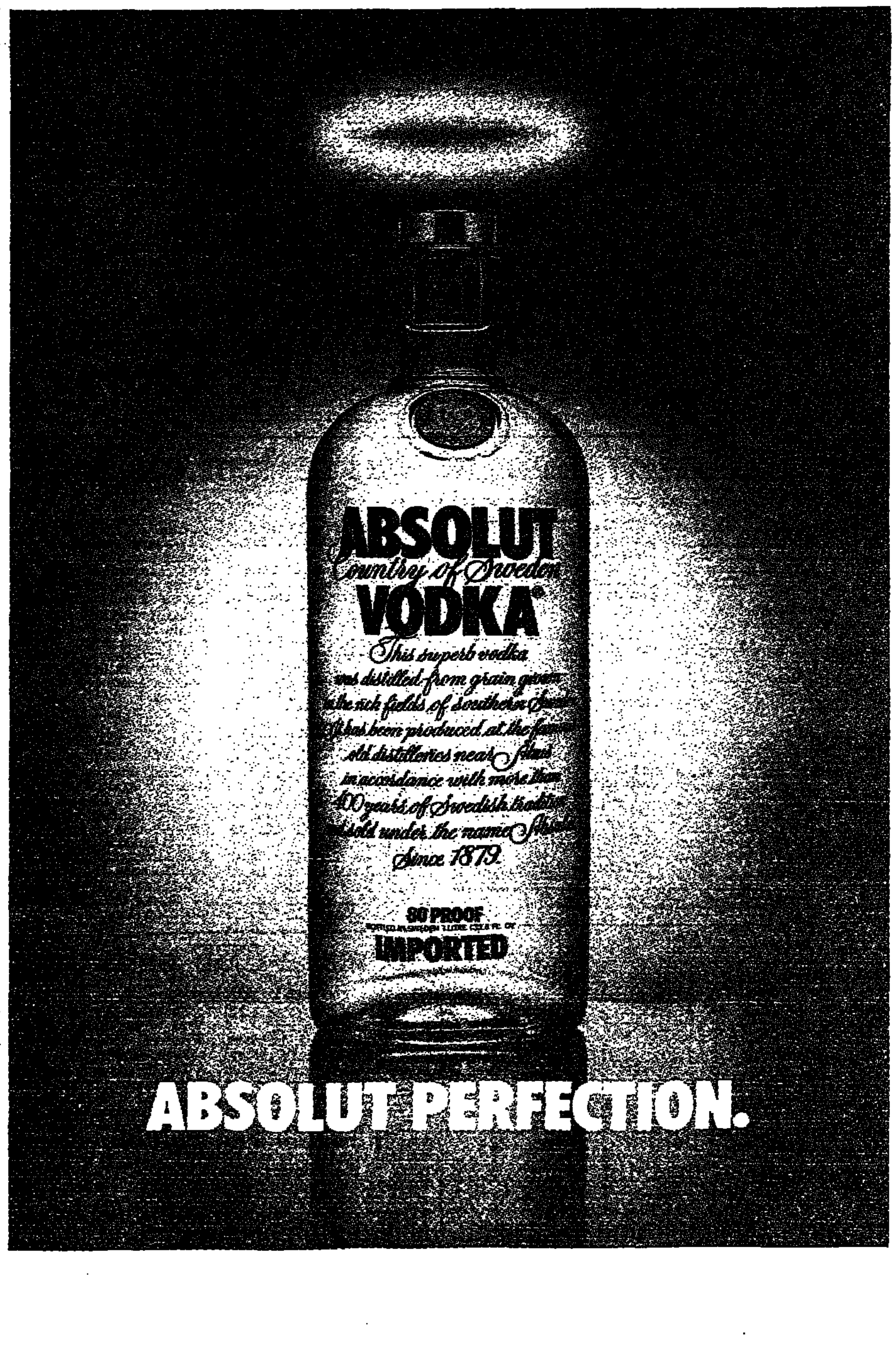
It is unusual to read in the FT such an extolling of the virtue of public sector provision of benefits compared with alternative provision by the private sector. Which system will prove the better? Time will tell, but I know where I would prefer to put my money.

The state earnings related pension scheme (Serps) works only on the basis that future pension benefits will be received as promised by way of National Insurance contributions paid by future employees and employers. Private sector personal pensions work on the far better basis that current NI contributions are invested for years ahead to the benefit of the individual (and the economy).

Good final salary occupational schemes are all very well for those who belong to them, and personal pensions are not really intended to compete in this area. But millions of employees are not so fortunate. Personal pensions have greatly enhanced awareness of the need to save for retirement, and we are having a good deal of success in persuading individuals of the advantage in adding contributions of their own – which is what is really required.

I believe personal pensions will prove a master-stroke and future generations of pensioners will have cause to be grateful to Norman Fowler. To make anything work properly we now need at least 20 years without substantial change in pensions legislation.

B.H. Shaw,
General Manager & Actuary,
Brittanic Assurance,
Moor Green,
Moseley, Birmingham



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FINANCIAL TIMES
Friday January 19 1990

NEWPORT
A TOWN TRANSFORMED

GE gets even in the battle of the big fans

Paul Betts assesses the likely impact of a new contender in the jet engine market

MR BRIAN ROWE, head of General Electric's aircraft engine business, reflected the US group's ambitions at the Paris Air Show last summer when he said: "At GE we don't get mean, we get even."

He did just that this week when he unveiled GE's plans to develop the world's biggest commercial jet engine at a cost of $1.2bn-$2bn. Called the GE90, the engine will have a 120-inch diameter fan, equivalent to the diameter of the fuselage of a Boeing 737.

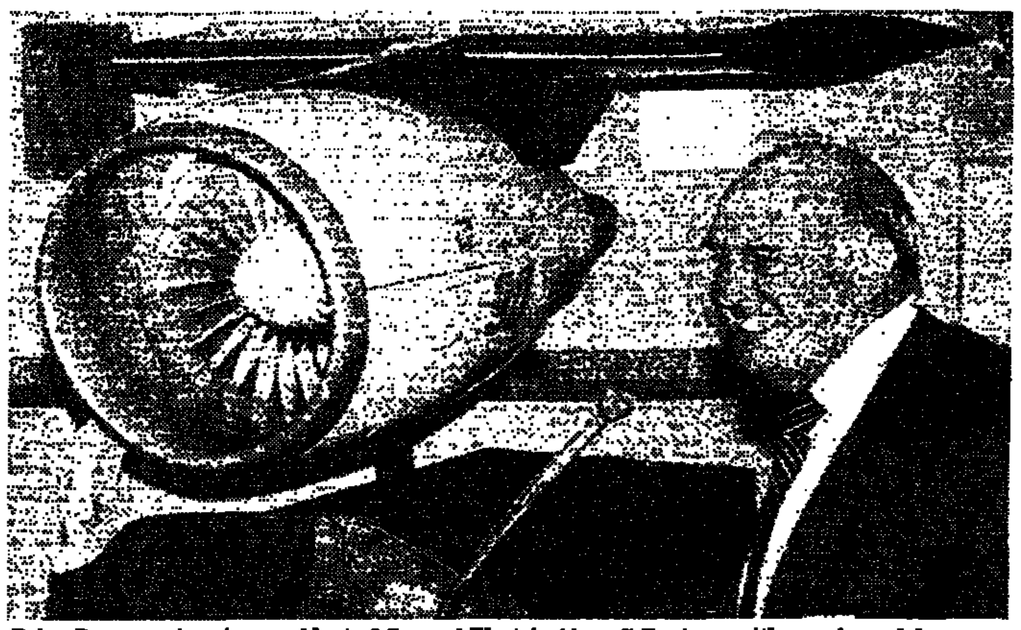
GE's long-awaited announcement heralds an intense industrial battle, even by the traditionally fiercely competitive standards of the commercial aerospace business.

Although there are only three players in the field – GE and its American rival Pratt and Whitney on one side of the Atlantic and Rolls-Royce on the other – the stakes are huge – a slice of the multi-billion-dollar market to power the new generation of large wide-body medium and long-haul jetliners.

GE estimates there will be a demand for about 2,500 new wide-body aircraft in the next 20 years which will represent a potential market worth $100bn for powerful big fan engines.

Competition will nevertheless be intense both among the three engine makers and the three airframe manufacturers – Boeing which is about to launch the $4bn development programme for its new 777 wide-body twin, Airbus with stretched derivatives of the A-330/A-340 family, and McDonnell-Douglas with a planned stretched version of the MD-11.

Until now, Pratt and Whitney and Rolls-Royce appeared to have an edge over GE because they claimed they were able to meet future market demand for big engines capable of producing up to 90,000lb of thrust or more by developing derivatives of their current large engines, the RB211-534 Trent in the case of Rolls-Royce and the PW4000 series at Pratt and Whitney.



Brian Rowe, senior vice president of General Electric Aircraft Engines, with a scale model of the new GE90 unit

GE now claims it has turned the tables in its favour by its decision to develop an all-new engine with its French partner Snecma as well as MTU of West Germany and possibly a Japanese partner.

GE had little option but to invest heavily in a new big-fan engine. But it believes it is setting an industry standard with the GE90 and the competition will be forced to follow by developing expensive engines of their own.

Rolls-Royce does not share this view. It claims GE has had to invest in a new big-fan engine because its current CF6-80 series could not be pushed any higher. Rolls-Royce claims it can develop 90,000lb thrust engines using the existing core of its big Trent engine. Since the Trent is already under development at the cost of $600m with four other partners, including two Japanese companies, Rolls-Royce believes it has time on its side over both GE and Pratt and Whitney, which has yet to unveil its plans to develop a big thrust derivative of its PW4000 series.

The UK group believes timing is crucial. It says if an engine is first on an aircraft, it usually gains the market leadership for that programme. This has been the case of the Boeing 757 twin-engine jet. Rolls-Royce was first on the 757 with its RB211-535 engine and claims it now has 60 per cent of the 757 engine market.

Thus, all three engine manufacturers are anxious to be first on the new Boeing 777. "If we all have an even start on an aircraft programme, we usually achieve about a third of the market for that engine," a Rolls-Royce official said. This has been the case with the Boeing 747-400 which was offered with engines from all three engine makers.

It was Rolls-Royce's decision to go it alone in the big engine market in 1986 which added a passionate element to the new battle of the big fans, as it is already dubbed by the marketplace.

Rolls-Royce and GE agreed in 1984 to co-operate on both larger and medium-sized engines. But when Rolls-Royce felt that it, rather than GE, had the engine core capability to go to higher thrust levels, it decided to go its own way and clinched the British Airways order for the UK carrier's new Boeing 747-400 fleet.

With the kind of money the airframe and engine makers are prepared to put in, the battle is likely to be epic.

COMMERCIAL JET ENGINE ORDERS/DELIVERIES

	Firm Orders 1989	Deliveries 1987	1988	1989*
GENERAL ELECTRIC**				
CF6 Series	309	208	265	300
CFM56	996	557	550	650
PRATT & WHITNEY**				
PW4000	295	39	78	145
PW 2037	168	44	56	50
JT8D	-	288	322	310
ROLLS ROYCE				
RB211-524 Series	173	34	19	80-85
RB211-535	178	42	55	65-70
Tay	240	146	137	145-150
V2500	324	-	20	80-85

*Estimated
**First 9 months

Source: Kleinwort Benson

● Lufthansa has selected General Electric's CF6-80C2 engine to power 41 of the airline's Boeing 747-400 wide-body jets in a $1bn transaction, GE said on Wednesday, AP reports from Evendale, Ohio.

The deal is in addition to the 15 GE-powered Boeing 747-400 jets that Lufthansa had already ordered Five of those have been delivered.

With the new order, Lufthansa operates or has commitments to operate 76 wide-body jets powered by the CF6-80C2 engine, GE said.

THE LEX COLUMN

The case for more bank withdrawals

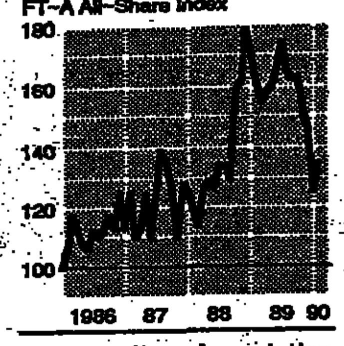
If the lucky UK clearing banks which have sold the Yorkshire Bank to the National Australia Bank were really interested in maximising shareholder value they should pass on their windfall profits directly to their shareholders in the form of a special dividend. It is a racing certainty they will not. Similarly Standard Chartered's new management team, whose credibility has been dented by yet another profit warning, should put Standard up for sale. The Yorkshire Bank auction has proved yet again that banks are worth far more as takeover targets than as going concerns; and Standard Chartered is proving yet again that banks are often better at finding ways of losing money than at making it.

There is no doubt that Yorkshire Bank is a clean and well run bank. But its profits growth is slowing and there is no obvious reason why a bank from the other side of the world should be able to improve on its superior profitability. However, there seems to have been no shortage of bidders willing to pay close to three times book value for the privilege of buying a bank with a dominant position in one of the more depressed parts of the UK economy. NAB did get a bargain when it picked up Clydesdale and Northern at a 20 per cent premium to book, but its own shares are as lowly rated as the UK clearing banks.' Its shareholders may wonder whether they are going to be hit with yet another rights issue to satisfy management's grand ambitions.

As for Standard Chartered, its problems seem as intractable as ever. It needs more capital, its profits are erratic and it does not have a strong UK base. A takeover would probably have happened a long time ago if the management had been big shareholders.

Standard Chartered

Share price relative to the FT-A All-Share Index



Average earnings

The annual rise in earnings may be stuck at 9.25 per cent, but the markets should not breathe too easily. The stability is largely due to a decline in wage drift; pre-Christmas bonuses were disappointing and manufacturing overtime hours at their lowest level since August 1967. Wage drift is a less important component of the statistics in January and February, so given the claims in the current wage round the headline figure should soon push up to 9.5 per cent.

Precisely as feared, British companies are handing away the competitive edge gained from sterling depreciation. Unit labour costs rose 9.6 per cent year on year in the third quarter, compared with a 3.9 per cent annual increase only two years earlier. Productivity growth between the three months to July and the three months to October was only 0.1 per cent; manufacturing productivity actually fell over the same period. Such statistics make a sharp decline in the trade deficit rather more difficult to achieve.

It is hard to dispel the spectre of stagflation. Unemployment may still be slowly falling but manufacturing industry is continuing to shed labour. Given that the number of vacancies is dropping at an increasing pace, the signs are that the labour market is moving into over-supply. That is unlikely, however, to have a moderating effect on wage demands until much later in the year. Something has got to give and it looks likely to be UK company profits.

Markets

As so often when confused by the big picture, the London market has reverted to slavish dependence on Wall Street. The near-50 point fall yesterday morning was due not to the further weakness in gilts – though that was bad enough – but to an unsuccessful attempt to guess how Wall Street was going to open. The snag is that Wall Street has reverted to its own nasty habit of moving decisively only at the very end of trading, long after London's close.

For those looking to institutional liquidity to restore London's sense of purpose, yesterday brought an unsettling statistic. In last year's third quarter, the UK institutions were net sellers of UK equities for the first time since the mid-1970s. The liquidity of the pension funds rose by £1.6bn; this was exactly matched by their £1.6bn sales of UK company securities. Overall, the institutions were also sellers of £1.5bn worth of gilts – a source of liquidity likely to dry up with the ending of buy-backs.

Mountleigh

It will be a long time before the new Mountleigh settles down into something sober UK fund managers feel entirely happy with. Investment bankers have been beating a path to Mr Nelson Peltz, the Lexington Avenue junk bond raider who became chairman in November, with two or three sensible proposals each week. In addition, Mr Peltz expects some largeish property sales by midsummer, perhaps more than the £129m Mountleigh reported yesterday for the six months to last October.

It now turns out that McKinsey is looking at Galerias Preciados, Mountleigh's Spanish store chain, accounting for about 25 per cent of the group's £20.4m interim pre-tax profits; and until McKinsey reports at the end of March, no final decision will be taken about GP's future. So we can expect some uncertainty, inevitably confusing figures, and probably little in the way of solid institutional support for the shares.

But is this a worry? On last night's price of 157p, Mountleigh is on a discount of 38 per cent of its 1989 net asset value of 253p; but since only about 2 per cent of its properties are in UK offices, the true NAV now could be around 270p. This is by no means a riskless investment, and institutions should have fussed much more at the way Mr Peltz got control without a full bid; but in a sense that is history, and Mountleigh has become an entertaining speculation.

Ferranti

Anyone who thought the bad news was already in Ferranti's share price was swiftly disabused yesterday. After its 30 per cent drop in response to Thomson's withdrawal, the stock is now within 1p of the forthcoming rights price of 25p. The issue now looks certain to take place; it is also pretty certain to be left with the underwriters. There seems little reason for shareholders to stump up when Thomson, like British Aerospace before it, has found Ferranti the less appealing the more it has delved into information not available to its owners. Nor is it obvious why any other suitor choosing not to move before the rights issue should do so after it.

Hungary, Poland call for Soviet pull out

By **David White**, Defence Correspondent, in London

THE reformist Government of Hungary and Mr Lech Walesa, the Polish Solidarity leader, both joined Czechoslovakia yesterday in calling for an early and complete withdrawal of Soviet forces from their countries.

The three countries are the only members of the Warsaw Pact, apart from East Germany, where the Soviet Union has stationed troop formations.

Czechoslovakia has already started negotiations with the Soviet Union on its call, first made last month, for complete withdrawal by the end of this year.

Moscow had until recently some 65,000 troops in Hungary, 80,000 in Czechoslovakia, 40,000 in Poland, and 380,000 in East Germany.

Moscow last year began pulling back some forces under Soviet President Mikhail Gorbachev's plan for unilateral force reductions. Total withdrawal from Hungary, which unlike East Germany and Czechoslavakia does not directly face Nato, has been mooted for some time.

However, yesterday's Hungarian statement, made at a press conference by Mr Ferenc Somogyi, State Secretary at the Foreign Ministry, was the first clear demand for a deadline.

There were no reasons, political or military, to justify the stationing of foreign troops on Hungarian territory, Mr Somogyi said. The Government was striving for complete withdrawal either this year or in 1991 at the latest.

Mr Lech Walesa, leader of the movement from which the present Polish Government was formed, also demanded full withdrawal, setting the end of this year as a deadline and making it a condition for improved relations between Warsaw and Moscow.

A spokesman for Mr Walesa said the Solidarity leader made the demand in a meeting in Gdansk with Mr Vladimir Brovikov, the Soviet Ambassador to Poland, who invited him to visit Moscow. A meeting was "envisaged" with Mr Gorbachev.

Western experts believe that rapid withdrawal from Poland poses considerably greater problems from Moscow than the demands from Prague and Budapest. It would be hard for Soviet military to maintain a large force in East Germany without troops in Poland to protect its lines of supply.

Mr Gregor Gysi, the East German Communist Party leader, has proposed a withdrawal of stationed forces from both East and West Germany by 1999.

This coincides roughly with Moscow's stated intention of returning all foreign-posted forces back to the Soviet Union by the next century. However, to leave the central front in East Germany would require a total reappraisal of Soviet security interests.

Experts also pointed out that the negotiations with Prague were taking place in a legal context that made the situation of Soviet troops in Czechoslovakia distinct from that in other Warsaw Pact countries.

Soviet forces were withdrawn from Czechoslovakia after the Second World War and returned with the invasion by Warsaw Pact troops in 1968.

The two countries' bilateral treaty of "friendship and co-operation," dating from 1970, was in any case coming up for renewal this year.

Gen John Galvin, Nato's supreme commander in Europe, meanwhile played down the importance of Soviet unilateral withdrawals now under way. "They have lots left and they're still the strongest air and ground power in the world," he told ABC television yesterday.

Other East European news, Page 2

Markets fall amid pessimism

Continued from Page 1

pushed the FT-SE index down by almost 50 points at one stage. Analysts said doubts over whether the US Federal Reserve would be able to ease monetary policy combined with poor companies results and a shaky US bond market to depress equities.

"There is a creeping erosion in share prices, and there is worse to come," in Britain and the US, said Mr Ian Harwood, head of international research at Warburg Securities in London.

In London, a one point fall in gilt prices - the second in two days - revealed investors' worries that interest rates might be raised.

City concern about inflationary wage claims is centred on the outcome of the deadlocked Ford Motor Company pay talks.

UK gilt prices have also been taking their cue from Japan, where a rise in short-term interest rates is expected to precede the elections on February 18.

"Bond markets in Europe are dancing to the tune of Japan," said Mr Harwood.

The decision by Thomson CSF not to bid for Ferranti, the electronics company, put more pressure on a weak market discouraged by UK company results so far this year.

Only two stocks moved up in price yesterday, confirming analysts' opinion that the all-time stock market high of 2463.7 a fortnight ago was a false dawn of the new year.

"What baffles me is why the equity market went up at all," said Mr Simon Briscoe, gilts analyst at Midland Montagu.

"The equity market is now catching up with the bond market's assessment of 1990 so far - which is pretty desperate," he said.

Share prices also closed lower in Paris, Frankfurt, Zurich, Brussels, Stockholm and Amsterdam but finished with fractional gains in Milan.

South Africa hints at end to ban on ANC

By **Jim Jones** in Johannesburg and **Nicholas Woodsworth** in Lusaka

SOUTH AFRICA hinted strongly yesterday that it would soon recognise banned political parties, paving the way for formal constitutional talks.

Mr Kobie Coetsee, the Justice Minister, speaking in Cape Town yesterday, hinted strongly that bans on opposition groups such as the African National Congress (ANC), the South African Communist Party (SACP), and the United Democratic Front (UDF), could soon be lifted. This would remove one of the last remaining barriers to talks.

Meanwhile, the ANC, whose executive is meeting in Lusaka to prepare its strategy for what it calls the "new and challenging" situation in South Africa, appeared to back away from recent threats to intensify its military campaign.

Mr Alfred Nzo, the ANC secretary-general, said at a ceremony marking the start of the meeting: "We must admit we do not have the capacity in our country to intensify the armed struggle in any meaningful way."

The strategies of the ANC, said Mr Nzo, will have to be re-examined: "In the event the ANC is unbanned, we must consider whether to operate solely as a legal movement or whether to maintain some underground units."

The two-day meeting is attended by Mr Walter Sisulu and other long-term ANC prisoners released from South African jails last October. Mr Nzo said that he expected the ANC to shed "old perceptions and fears in order to confront a new reality."

Mr Coetsee said that comprehensive review of restrictions on political parties was "in the pipeline."

His announcement came a day after the UDF, the country's anti-apartheid coalition, had declared it would no longer abide by severe government curbs on its activities, imposed in 1988.

Mr Adriaan Vlok, the Law and Order Minister, has belatedly invited the UDF to apply to have restriction orders lifted.

Mr Vlok said the Cabinet would view an application favourably because the security situation was better now than two years ago.

These and other developments have given a note of urgency to the ANC deliberations in Lusaka.

"F. W. de Klerk (the South African President) will in all likelihood seek to move with some speed in order to catch us unprepared," said Mr Nzo in Lusaka.

"We must prepare our negotiating positions. If we do not we will surrender the initiative to the regime and allow it to impose its own solution on us."

In a remarkably frank presentation, Mr Nzo outlined some of the ANC's positions and strategies which needed rethinking, including the long-running debate over the use of violence.

The ANC, said Mr Nzo, was also conscious of the danger of the world's changing perception of South Africa.

Other issues that will be discussed in what ANC officials admit will at times be a contentious meeting include the growing role of senior ANC leaders inside South Africa, the ANC's frequently difficult relationship with the black-ruled "Front-line states" of southern Africa, and the future position of Nelson Mandela.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	Dallas †	Dr	12	54	Madeira	C	16	61	Prague	F	3	37
Algiers	F	15	59	Dublin	F	6	43	Madrid	C	4	39	Reykjavik	C	-4	25
Amsterdam	S	8	46	Dubrovnik	C	11	52	Majorca	F	14	57	Rhodes	S	17	63
Athens	S	14	57	Edinburgh	F	6	43	Malaga	S	14	57	Rio de Janeiro		–	–
Bahrain	S	15	59	Faro	S	15	59	Malta	F	13	55	Rome	C	12	52
Barcelona	S	9	48	Florence	S	7	45	Manchester	F	7	45	Salzburg	R	4	39
Belfast	F	4	39	Frankfurt	S	5	41	Melbourne	F	23	73	S'Francisco †	S	6	43
Belgrade	F	3	37	Geneva	C	4	39	Mexico City		–	–	Santiago		–	–
Berlin	F	6	43	Gibraltar	S	15	59	Miami †	S	21	70	Seoul	F	4	39
Biarritz	R	9	48	Glasgow	S	6	43	Milan	F	6	43	Singapore	R	26	79
Birmingham	S	7	45	Guernsey	S	9	48	Montreal †	C	5	41	Stockholm	C	0	32
Blackpool	S	8	46	Helsinki	C	-1	30	Moscow	C	1	34	Strasbourg	F	5	41
Bombay	S	32	90	Hong Kong	C	17	63	Munich	C	2	36	Sydney	F	25	77
Bordeaux	S	9	48	Innsbruck	C	4	39	Nairobi	F	19	66	Tangier	F	15	59
Boulogne	F	9	48	Inverness	S	5	41	Naples	F	11	52	Tel Aviv	C	15	59
Bristol	R	7	45	Isle of Man	F	7	45	Nassau		–	–	Tenerife	F	18	64
Brussels	S	7	45	Istanbul	S	9	48	Newcastle	F	6	43	Tokyo	S	7	45
Buenos Aires		–	–	Jersey	S	9	48	New Delhi	S	24	75	Toronto †	C	3	37
Budapest	F	3	37	Johannesburg	F	26	79	New York †	R	14	57	Tunis	F	15	59
Cairo	F	18	64	Las Palmas	F	20	68	Nice	F	11	52	Valencia	S	12	54
Cape Town	S	24	75	Leeds	F	7	45	Nicosia	S	17	63	Venice	S	4	39
Cardiff	F	9	48	Lisbon	S	10	50	Oporto	S	13	55	Vienna	C	6	43
Chicago †	C	1	34	Locarno	F	4	39	Oslo	S	5	41	Warsaw	C	5	41
Cologne	C	6	43	London	S	9	48	Paris	S	8	46	Washington †	F	14	57
Copenhagen	F	6	43	Los Angeles †	C	8	46	Peking	S	-3	27	Wellington	S	20	68
Corfu	C	14	57	Luxembourg	S	3	37	Perth	S	29	84	Zurich	C	4	39

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Thomson-CSF pulls out of talks

Continued from Page 1

pany was looking for a bid from Thomson as such."

It is understood, however, that Ferranti's institutional investors had steered Thomson away from attempting to buy only parts of the company and towards considering a full bid.

Sir Derek said that Ferranti was not at this stage in the position of having to sell off parts of the company. The forthcoming rights issue, which is fully underwritten, will provide the company with a breathing space by reducing its borrowings.

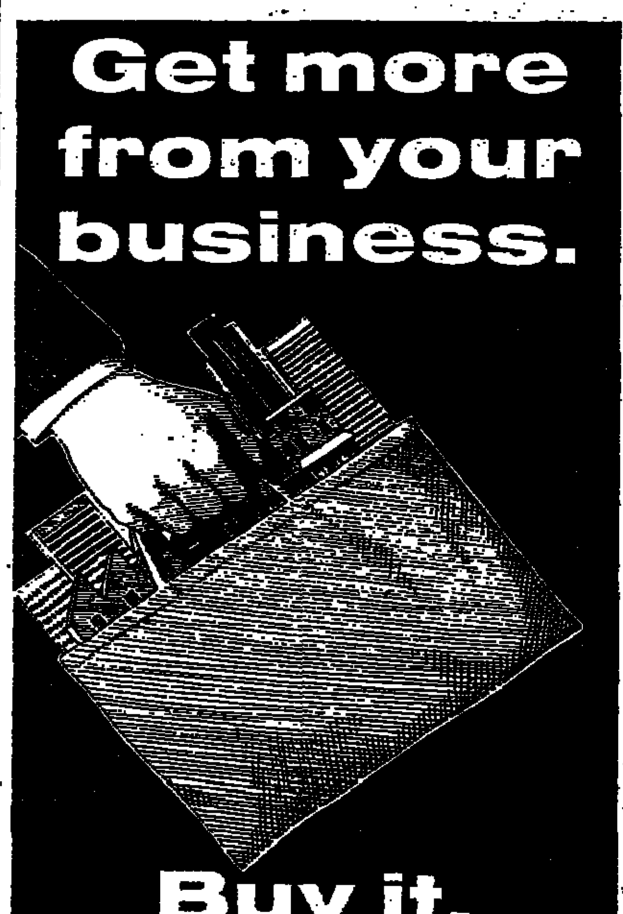
Sir Derek said: "We have no need to conduct a fire sale. We're not up with our backs against the wall."

The French company denied yesterday that its decision was the result of intervention by the British Government to discourage a rescue that would bring Ferranti under indirect control of the French state. Thomson-CSF is majority owned by the nationalised Thomson group.

The UK Ministry of Defence had been "absolutely neutral" in the affair, the company said.

Thomson-CSF, which has just bought a large part of the defence interests of the Dutch Philips group, said it reserved the right to launch a bid either to pre-empt a rival bidder or in the event of "a substantial change" in Ferranti's financial situation.

Mr Alain Gomez, Thomson group chairman, has made clear for some time his intention to build a foothold in the UK market. The UK is the only European country comparable with France in its government backing for defence research



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Credit Card No.
Expiry Date ______ Signature ______
Name ______
Position ______ Company Name ______
Type of Business ______ Number of Employees ______
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INSIDE

Peking tests water in Hong Kong

Peking's China International Trust and Investment Corporation yesterday moved to take an active investment role on the Hong Kong Stock Exchange, agreeing to acquire control of a small quoted company called Tylfull from the Chao business family. This will provide China's most active foreign investment organisation – which earlier this week joined up with Cathay Pacific to take over the loss-making airline Dragonair – with a relatively low-key way of testing market reaction to its presence at a time when confidence is low in the colony because of its return to Chinese sovereignty in 1997. John Elliott reports. Page 23

Petroleum work ethic

People love hard work, don't they? That appears to be the current thinking at the International Petroleum Exchange in London. First, it was the rather quaint practice of closing for lunch that was ditched. Now, trading hours have been extended into the evening so that many members of the exchange are working a 12-hour day. "The whole point of it is to get more American business," says Lindsay Horn, of Drexel Burnham Lambert. Page 28

Ready to toast survival

A second foray into the stock market earlier this week has lifted YJ Lovell's holding in rival construction group Higgs and Hill to above the 20 per cent mark. But Higgs and Hill directors remain confident that when the offer closes tomorrow afternoon they will still be independent. Ray Bashford reports on the closing stages of a tough bid battle that began with the defection of Higgs and Hill's deputy chairman. Page 26

A small step for mankind

The shift in slogan from "an electricity supplier and a little bit more" to "high-tech, energy supply and waste management, we think globally" might not appear all that striking. But RWE, long seen as West Germany's biggest but sleepiest electricity supply company, is adamant that the move represents a change in its image. And investors have certainly been impressed. The share price has nearly doubled over the past 12 months and has outperformed the German market by around 40 per cent over the same period, leaving similar utility-based conglomerates, such as Veba far behind. David Goodhart reports. Page 20

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Porsche	952	+	12
Falls			
BMW	536	–	8
Daimler-Benz	819	–	20
Hochtief	998	–	11
Varta	407	–	15
Volkswagen	522	–	9

NEW YORK ($)

Rises			
Caterpillar	55¾	+	⅞
Cons. Rail	47⅞	+	1¼
Microsoft	93¾	+	6¼
Tandem Comp.	25⅝	+	⅞
Union Pacific	76⅝	+	¾
Falls			
Digital Equip.	82¼	–	5⅝

New York prices as at 12.30pm.

PARIS (FFr)

Falls			
Carrefour	3526	–	49
Epeda-Bert.	1350	–	50
Eurafrance	2500	–	50
LVMH	5030	–	110
L'Oreal	4700	–	131
Sanofi	1065	–	30

TOKYO (Yen)

Rises			
Hokkai Can	2290	+	190
Kasai Kogyo	1100	+	100
Keiyo	4490	+	400
Taihei Dengyo	2320	+	260
Tanituji	2030	+	180
Falls			
Gunze Sangyo	1300	–	110

LONDON (Pence)

Rises			
AB Electronic	296	+	10
Eng. China	445	+	3
Melville Grp.	133	+	8
Reuters	1019	+	1
Falls			
Avon Rubber	506	–	22
Boots	271	–	8
Bunzl	658	–	20
Burton Grp.	204	–	9
British Gas	221	–	7
Brit. Steel	132	–	3
Cadbury Sch.	344	–	8
Ferranti Intl.	26	–	11
Glaxo	743	–	23
Hammerson "A"	800	–	18
Hunterprint	130	–	60
LASMO	564	–	14
MEPC	518	–	1
NHM	438	–	1
RTZ	547	–	24
Rockfort Grp.	48	–	9
Scot. & New.	333	–	7
Standard Chart.	551	–	12
Warburg (S.&G.)	488	–	9

Standard Chartered says profits will fall

By David Lascelles, Banking Editor, in London

STANDARD CHARTERED, the London-based international bank, warned yesterday that mounting problems in the banking market would depress its 1989 profits.

In a circular to shareholders, Mr Rodney Galpin, chairman, said that while much of the bank continued to perform well, trading had been affected by three factors since the middle of 1989: the impact of high interest rates on certain UK customers, problems in the Australian corporate market, the suspension of interest payments by Brazil.

Mr Galpin did not quantify the total effect other than to say the pre-tax result would be below the £313m ($520m) which Standard Chartered reported in 1988. However, it is thought that profits will be down by about 5 per cent.

Standard Chartered's UK customers are mostly corporate. But it also specialises in buy-out financing and therefore has a number of highly leveraged companies on its books. Its exposure in this troubled sector is believed to be about £250m, equal to 1 per cent of its assets.

In Australia, Standard is one of the bankers to Mr Alan Bond, the entrepreneur whose business empire is in deep trouble. Its exposure to Bond is in the region of £100m, most of it well-secured, but it is also facing losses on loans to the wider Australian business market. The suspension of interest payments by Brazil last summer has affected Standard's $454m exposure to that country.

Mr Galpin said his warning did not take account of any provisions that Standard would have to make for Third World debt. At the interim stage last year, Standard Chartered's Third World provisions amounted to 46 per cent, which was roughly in line with the other clearers. Since then, Lloyds Bank and National Westminster have pushed their provisions closer to 70 per cent.

The circular was issued to inform shareholders about Standard's recent moves to bolster its capital by selling some of its office buildings, and its recent alliance with Westdeutsche Landesbank. These moves have increased shareholders' funds by £177m, the circular says, and reduced total assets by £2.4bn, raising Standard's capital ratio from 8.1 per cent to 11.2 per cent pro forma. Standard is due to report the results in mid-March.

Unlike other UK banks, Standard does not have a large stake in the UK retail banking business which has been enormously profitable and has helped the clearing banks offset losses in other areas.

Standard's shares dropped sharply but recovered later to close only 2p lower at 561p.

Lex, Page 18

Poor results hit Digital shares

By Louise Kehoe in San Francisco

SHARES of Digital Equipment, the second largest US computer company, fell sharply yesterday on news of lower than expected second-quarter results.

The share price fell from a Wednesday close of $87⅞ to $81⅞ in heavy trading on the New York Stock Exchange yesterday morning.

The group's net income for the quarter declined to $155.4m, or $1.25 per share, compared with last year's second-quarter net income of $279.6m or $2.20 per share.

Net income for the six months was $306.2m, or $2.44 per share, down from $503m, or $3.90, on revenues of $6.3bn, up 3 per cent from $6.1bn in the same period a year ago.

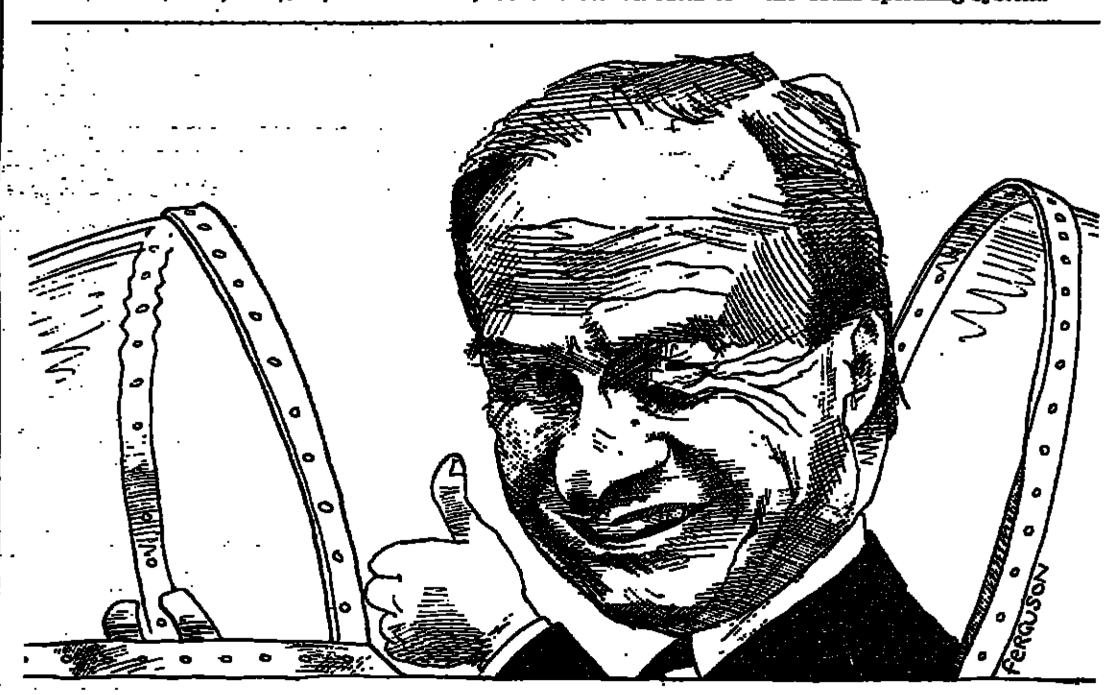
"It appears that the overall market for computers in Europe and Japan is good, but in the US the market is still slow," said Mr Kenneth H. Olsen, Digital president.

Uncertain economic conditions are affecting customer purchasing intentions and slowing down the computer industry; consequently, continued pressure on operating results was expected.

Digital said it was pleased with the level of interest in its products from customers with commercial, rather than technical or engineering, applications – its traditional markets.

● Tandem Computers, a major supplier of "fault-tolerant" computers, reported first-quarter sales of $436.5m, up from $392.3m in the first quarter last year. Net income for the quarter was $30.7m, or 29 cents per share, down from $31.2m, or 32 cents per share.

Mr James G. Treybig, Tandem president and chief executive, said: "At this time of year, we typically experience some seasonal softness. Last week, Tandem introduced a major new product, its first computer to run the UNIX operating system.



Roger Hurn: unconvinced of need for consolidation. He says any possible interest in Ferranti would be restricted to "selected parts, in the event that they became available," and envisages no immediate move

Smiths' speed tells in the defence dogfight

David White on the attractions of staying small

The new conventional wisdom in the European defence industry – that only the biggest fish can survive – has a challenger based in the North London district of Golders Green.

Smiths Industries, which has just carved out a significant slice of the avionics business for the European Fighter Aircraft, is content to stick it out as a medium-sized company but with a leading UK place in its chosen pond.

The EFA development contracts won by Smiths and its West German, Italian and Spanish partners are expected to lead to £450m of orders if the aircraft goes into production. Smiths is either prime contractor or technical leader for the projects, and a third of the business will go to Smiths' own factories. More EFA deals are expected to be confirmed in the next few days.

Its main competitors in avionics in the UK and Europe have gone for bigness: GEC-Marconi, which has gobbled up parts of Plessey, and Thomson-CSF of France, which has merged its flight electronics business with that of its fellow state-controlled company Aérospatiale. Thomson was also, until it pulled out yesterday, the main contender for a takeover of Ferranti International, and is still discussing co-operation with the fraud-stricken UK company.

Smiths, with turnover of £705m in 1988-89, of which aerospace systems made up 70 per cent, has also been cited as a possible player in a solution for Ferranti. But Mr Roger Hurn, its chief executive, says any possible interest would be restricted to "selected parts, in the event that they became available," and envisages no immediate move.

The company stands unconvinced of the case put by British Aerospace, Thomson-CSF and Daimler-Benz that defence companies need to consolidate to face the industrial consequences of détente and to muster the resources for research and development needed to compete internationally.

The size of competitors "doesn't frighten me," Mr Hurn says. "The example I draw on is the US, where the reverse has happened. The smaller, more agile companies are succeeding. It's the very large defence companies that are suffering most."

US groups such as Allied Signal and Honeywell, in the same field as Smiths, have moved to divest themselves of some of their defence interests. "Mega-corporations lose their focus," Mr Hurn maintains. Smiths has been wary of branching out into related defence sectors such as missile systems. Widening the company's military business would not mean it could afford more R&D in any specific area; it would just be in more areas.

Smiths has, up to now, had to fund its own work on systems for the EFA, but can use what it learns on other programmes.

The development contract for the pilot's colour displays – three multi-function screens taking the place of standard cockpit instruments – was a "must win" competition against Ferranti, to enable Smiths to keep a leading position in this kind of equipment, for which it has a firm foothold in the US.

It is also competing with Ferranti and GEC-Marconi for the "head-up" display, after losing to Ferranti in the contract for equipping the RAF's Tornado strike aircraft.

The EFA, with its fully-funded development contracts, is of key importance for Smith's UK military business. "It is the only new game in town to which we can have access in the next 10 years," Mr Hurn says. But he emphasises that the company has an equally large business in the US, and is heavily involved in fighter programmes there. This includes the McDonnell Douglas F-18, the most likely aircraft to be bought if the EFA were cancelled.

What if Thomson-CSF were to create a European avionics giant by linking up with that side of Ferranti? Mr Hurn says his only real worry would be the possibility of Thomson gaining "a one-way street access to British defence contracts" without reciprocal openings for Smiths.

One of Smiths' strengths, he says, is being less reliant in defence than either Thomson-CSF or Ferranti. Since Smiths took over parts of Lear Siegler of the US in 1987, the military share of its aerospace business has expanded from 50 to 70 per cent. But the civil share is now growing, and Smiths is intent on cashing in on the expected bonanza in the civil market.

EFA contracts, Page 6

Sankyo of Japan to take control of German drugs group

By Stefan Wagstyl in Tokyo

SANKYO, Japan's second largest pharmaceuticals company, yesterday announced plans to buy a controlling stake in a West German drugs maker for DM220m ($129.5m), in one of the largest Japanese corporate acquisitions in Europe.

Sankyo is buying a 74 per cent interest in Luitpold-Werk, a family-owned manufacturer based in Munich with 1,500 workers and about DM205m in sales last year.

Sankyo intends to use Luitpold-Werk as a springboard for selling its own products in Europe.

The transaction, made public a day after the proposed £145m ($240.7m) purchase of United Precision Industries of the UK by Nippon Seiko, a Japanese maker of ball bearings, highlights the intense interest of Japanese companies in the planned economic integration of Europe in 1992.

It also illustrates a new-found willingness in Japanese drugs makers to expand overseas. The pharmaceuticals groups have been among the least adventurous of Japan's companies in doing business abroad. They have been restrained by the fact that their products have sometimes been unsuitable for foreign markets – because Japanese standards and preferences in medical treatment are often different from those in western countries.

They have also been wary of tackling powerful US and European groups on their home territory. As a result, export sales have been negligible.

However, since the mid-1980s, Japanese companies have been stepping up their investments, led by Fujisawa Pharmaceutical which last year spent more than $1bn on LyphoMed of the US, in the largest foreign acquisition by a Japanese drugs company. Fujisawa also has a 74 per cent stake in Klinger Pharma, of West Germany, bought for Y8bn ($55m) in 1988.

Mr Tomonori Miki, a managing director of Sankyo, said the company was buying into Luitpold-Werk in order to establish itself before the economic integration of the European Community in 1992. Sankyo wants access to the West German company's international network – which covers various European countries, including the UK, France, Spain and Italy – as well as the US.

Sankyo was advised by Nomura Wasserstein Perella, the corporate finance specialist linked to Nomura Securities, and Luitpold-Werk by Goldman Sachs, the US investment bank.

Nobby Clark: Yorkshire had been on his "wish list" for many years. The acquisition would fit into NAB's strategy of expanding overseas through strong regional banks, and he would be aiming to increase Yorkshire's branch network to 1,000.

Arwidsson reveals big holding in Porsche

By John Burton in Stockholm and **Andrew Fisher** in Frankfurt

MR PER Arwidsson, Swedish property developer, has revealed that he has become one of the largest shareholders of Porsche, the West German sports car company, after quietly buying shares on the open market over the past year.

In an interview with the Swedish business daily Dagens Industri, the 37-year-old Mr Arwidsson claimed that his stake in Porsche, which is less than 10 per cent and consists entirely of non-voting preferred shares, made him one of the biggest shareholders in the company after the Porsche and Piech families, who hold all the common voting stock.

Porsche reacted calmly to the news of Mr Arwidsson's stake. The quoted preference stock, up from DM643 at the start of last year in line with improved profit prospects, yesterday closed at DM952; this would value a 10 per cent holding at DM66m ($39m).

Mr Arwidsson explained that Porsche represented an attractive financial investment since he believed the company was undervalued with DM500m in cash reserves and that it had a good future in spite of falling sales in the US.

He added that he hoped to use his shareholding to persuade the Porsche management to participate in an undisclosed joint project that could be announced in the spring.

Analysts believe that Mr Arwidsson may be building up a stake in Porsche in anticipation of it becoming a takeover target. It is one of Europe's few remaining independent car producers.

Mr Arwidsson, who owns several Porsches and admits to a "childish enthusiasm for cars," has made his fortune through commercial property development.

His company, Convector, has been active in Stockholm and Malmo during the past decade. It expanded into continental Europe in the late 1980s, buying property in London, Brussels, Frankfurt and Lisbon. The value of Convector's holdings was estimated as at least SKr2bn ($325m) in 1988. Porsche announced yesterday that Mr Ferry Porsche, 80, son of the founder, was stepping down as head of the supervisory board in favour of his son Ferdinand Alexander, 55. The change will take place at the annual meeting on March 9.

Companies are increasingly looking for sophisticated ways to finance growth.
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Yorkshire Bank goes to NAB for £967.5m in cash

By David Lascelles, Banking Editor

BRITAIN'S biggest bank sale was clinched yesterday when National Australia Bank agreed to pay £976.5m ($1.6bn) in cash for the Yorkshire Bank, the Leeds-based regional.

The deal will make NAB the seventh largest bank in Britain with more than 700 branches, including those of the Clydesdale Bank and Northern Bank which it bought three years ago.

Sir Rupert Clarke, NAB's chairman, said NAB would continue to develop Yorkshire Bank's presence in England, using its existing management and business philosophy.

Its name and separate identity would be preserved. One or two Australians will take up positions in Leeds, but there will be no job losses.

"We are delighted to acquire Yorkshire Bank," he said. "We have the highest regard for the bank, its management and its operations."

Mr Nobby Clark, NAB's chief executive, said Yorkshire had been on his "wish list" for many years.

The acquisition would fit into NAB's strategy of expanding overseas through strong regional banks, and he would be aiming to increase Yorkshire's branch network to 1,000.

NAB's bid exceeds the £950m paid by Deutsche Bank last month for Morgan Grenfell and is equivalent to three times Yorkshire's net asset value, or 13.5 times earnings. Responding to suggestions that he might have paid over the odds, Mr Clark said the terms were "manageable, explainable in the medium-term, and wholly justified." Yorkshire is the UK's most profitable bank by a wide margin, and its regional base means it has plenty of scope for expansion elsewhere in the UK.

Mr Clark said that NAB would be able to finance the cost through its internal resources, and this would have only a small dilution effect on earnings. NAB's capital ratio would fall from 10 per cent to 8.7 per cent.

The sale will net a large profit for Yorkshire's owners, who set a high price from the start based on their projections of future dividend payments. The largest, NatWest with 40 per cent, said it would clear £190m. The other shareholders are Barclays (32 per cent), Lloyds (20 per cent) and Royal Bank of Scotland (8 per cent).

St-Gobain advances 6% despite halved asset sales

By George Graham in Paris

SAINT-GOBAIN, the leading French glass, packaging and construction materials group, has reported a 6 per cent gain in net profits to FFr4.3bn ($746.8m) in 1989, with a stronger underlying advance in operating earnings.

"We are satisfied because this is fundamentally good growth excluding exceptional items, which contributed much less than in the previous year," Mr Jean-Louis Beffa, chairman of Saint-Gobain, said.

The group's operating profits rose by 10 per cent to FFr8.8bn, on sales 12 per cent higher at FFr66bn. Earnings from asset sales halved to FFr600m, where 1988 had seen a sizeable capital gain from the sale of Saunier Duval, its boilers subsidiary.

Mr Beffa said he was satisfied that the group had increased its cash flow by more than FFr1bn to FFr8.2bn, while maintaining investment and reducing debt to equity ratio.

following

The results showed a more even distribution, both geographically and by activity, Mr Beffa said. Of Saint-Gobain's eight main divisions, only building materials showed a decline in profits, largely because of the division's exposure to the North American and Brazilian markets.

Murdoch aims for seven-day TV at Fox

By Raymond Snoddy

MR RUPERT MURDOCH, chief executive of The News Corporation, plans to turn Fox Broadcasting, his fledgling US network, into a full seven-days-a-week network by next year.

An expansion of Mr Murdoch's broadcasting interests in the US will also include the creation of a full-scale Fox network news service over the next two years designed to challenge the three established national US television networks, NBC, ABC and CBS.

The aim is to produce a 10 pm prime-time national news programme for the Murdoch stations and Fox's more than 100 affiliate stations.

When Fox Broadcasting was set up by Mr Murdoch in 1987 as a potential fourth network, at a time when the US networks were already losing audience share to cable television and independent stations, it was seen by many observers as a foolhardy and probably doomed venture.

Fox started with five and a half hours of programmes on Saturday and Sunday night and added a Monday night-line up in September.

After start-up losses, which are estimated by Morgan Stanley, the investment bankers at $125m, the venture is now breaking even and operating profits of around $40m are expected this year on revenues of $400m.

Fox will start broadcasting films on Wednesday nights soon and will be a five-night operation within a year.

Mr Murdoch says he is determined that Fox will be a seven-night-a-week operation by the autumn broadcasting season next year.

The News Corporation chief executive is particularly concerned to establish Fox as a accepted fourth network before anyone else in the industry trys to muscle in on the territory.

The Fox network news operation will build on material originating from the Fox-owned television stations in cities such as New York, Chicago and Los Angeles and will gradually be rolled out to affiliate stations this year and next.

Once sleepy giant fires diversification game

RWE is no longer just an electricity supply company David Goodhart reports

Long seen as West Germany's biggest but sleepiest electricity supply company, RWE has changed its image.

The uninspiring slogan of the 1970's "RWE – an electricity supplier and a little bit more" has been replaced with the uninspiring but more accurate "RWE – high-tech, energy supply and waste management, we think globally."

The new image, capped yesterday by shareholder agreement to a new business structure, has certainly impressed global investors. The shares have nearly doubled over the past 12 months and have outperformed the German market by around 40 per cent over the same period, leaving similar utility-based conglomerates like Veba trailing far behind.

How has it done it? Less than a year ago it was still being described as "a paradigm of Germany Inc," with its systematic undervaluation of assets and overvaluation of liabilities, its poor dividend record, its immunity from takeover, thanks to the control of voting shares by municipalities, and its civil service management style derived from roots as a local electricity supply monopoly.

Not all of the above has changed and some of the new attractions are shared by other companies in the sector. The other two big utility-conglomerates – Veba and Viag – have also, for example, benefited from rising cash flow thanks to reduced expenditure on environmental reequipment of power stations and the abandonment of nuclear reprocessing at Wackersdorf. RWE, Veba and Viag have all been using this temporary rise in cash flow to go on a takeover binge. The aim has been diversification out of a once-comfortable electricity generation business now doomed to declining returns, thanks to the combined pressures to reduce the burning of "greenhouse effect" fossil fuels, reduced electricity prices, and increase competition.

The utilities' diversification strategy has come in for criticism in West Germany. Some have argued that provisions partly set aside for the de-commissioning of power plants should not be used for the risky business of buying companies.

Others maintain that the political priority to establish an efficient and environmentally-friendly energy economy should be absorbing all the cash of the semi-publicly owned utilities.

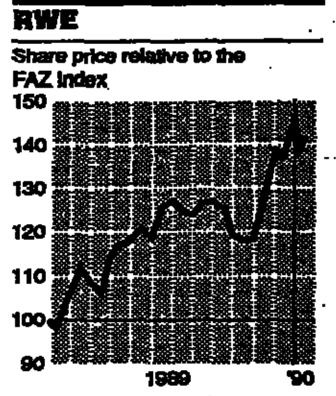
The more pragmatic investment community has simply worried about whether the diversifications have been sensible. As interest rates are so low in Germany they can hardly fail to be financially rewarding, at least in the medium term, so diversification strategy has become a test of confidence in the respective management teams.

The highly-esteemed, and hitherto most open, management team at Veba took a head start but in the past few months it has been RWE's turn to catch up. Herein lies the importance of the business reorganisation at RWE. The company has always been famous for its hidden assets – and according to some calculations asset value remains almost double market capitalisation – but was previously considered unlikely to exploit them.

The business reorganisation, combined with a more active takeover strategy, has convinced many sceptics that those assets will now be more actively managed. The reorganisation has also helped to draw attention to the fact that nearly two-thirds of earnings in 1988/1989 came from non-electricity earnings.

RWE

Share price relative to the FAZ index



Under the new organisation there will be a holding company with five legally independent subsidiaries. The five are: RWE Energie (mainly electricity generation), Rheinbraun (mining), RWE-DEA (oil and chemicals), RWE Maschinen und Anlagenbau (machine and plant) and RWE Entsorgung (waste management). A sixth leg includes RWE's most significant holdings which fit in nowhere else such as the 44 per cent share in Hochtief, the second largest company in West Germany's currently booming construction sector.

Fully incorporating the recent takeovers of Deutsche Texaco and Harris Graphics, RWE's sales in 1988/89 reached DM39bn ($23bn) of which 48 per cent came from what is now RWE Energie, 39 per cent from RWE-DEA, 11 per cent from RWE Maschinen and 2 per cent from Rheinbraun.

Most analysts believe there is considerable growth potential in RWE-DEA and, in particular, in RWE Maschinen, which includes Heidelberger Druckmaschinen, the world market leader in sheet-fed offset printing presses.

The waste management business, although including a 55 per cent stake in Nukem, the currently loss-making nuclear waste company, must also have good growth potential given the DM100bn that is said to be required to modernise the country's waste and water systems over the next few years.

Other changes have helped promote RWE's new image: constant rumours of planned takeover activity, including apparent interest in a leading Spanish utility; a more generous dividend policy; abandonment of a double chief executive position in favour of Mr Friedhelm Gieske; the likelihood of a proper divisional earnings split, and much more information about non-electricity earnings. The reorganisation is also meant to cut costs and will free some office properties for sale.

Eventually, according to Mr Mike Crawshaw of Phillips & Drew in London, some of the five subsidiaries may be independently floated. He also speculates that the municipal shareholders may be bundled together in RWE Energie, thus reducing political influence over the other subsidiaries.

Finally, even RWE's electricity generation – 75 per cent of which comes from cheap lignite (brown coal), nuclear or hydro – looks increasingly cost-effective. And the fact that it has the smallest nuclear share of the big three utility-conglomerates has increased its popularity at a time when attention is being drawn to the cost of decommissioning nuclear power stations.

Its experience with lignite, as both miner and clean burner of the highly polluting substance, has also put it in the front line to benefit from efforts to overhaul East Germany's lignite-dependent energy economy. It's gas distribution business could benefit too. Yesterday a delegation of East German energy experts arrived for talks at RWE's headquarters in Essen.

Thanks in part to events quite beyond its control and in part to a small, but significant, shift in RWE's management style, the company seems to be flourishing as never before. Much, however, is built on promises – which can easily be broken.

Bovril and Marmite for sale

By Peter Marsh

BOVRIL, Marmite and Ambrosia, three of the most famous names in British nutrition, were put up for sale yesterday by SmithKline Beecham, the Anglo-American drugs and consumer-goods company.

The proposed disposal, which analysts say could fetch £100m to £150m ($165m to 250m), arises because the company has decided the brands do not fit into its core businesses.

The company was formed last year as a result of a merger between SmithKline Beckman of the US and Britain's Beecham.

Beecham bought the three brands in 1980. Before that, they were produced by Cavenham, a company formerly owned by Sir James Goldsmith, the Anglo-French financier. Sir James's link with the foods brought him the title of the Marmite King.

All three brands, which had sales in the year to last March of about £80m, have illustrious histories. The products are made at two English factories which employ 700 people.

The foods were first produced in a 30-year period from 1887.

Bovril, a meaty drink, was first made in 1887 by Mr John Lawson Johnston, a Victorian inventor.

Marmite – the French word for cooking pot – is a yeast-flavoured spread and was introduced to England in 1902.

Ambrosia, a rice pudding based on dried milk, dates to 1917. It was marketed as "food for the gods" – the name is derived from ambrotos, Greek for immortal.

COMPANY NEWS IN BRIEF

NIPPON Credit Bank, Japan's third-largest long-term credit bank, has acquired a 10 per cent stake in Europolis Invest of France in a joint venture to invest in European real estate, Reuter reports. The joint venture is capitalised at FFr1bn ($173.7m) according to Nippon Credit Bank. Ten financial institutions already have stakes in Europolis, including Crédit National of France which has 30 per cent.

■ Banque Bruxelles Lambert (BBL), Belgium's second largest commercial bank, is reorganising top management in a bid to streamline operations, AP-DJ reports. BBL said its executive committee would be cut to seven members from nine and that one executive rather than three would be responsible for the bank's domestic network.

■ Creditanstalt, Austria's largest bank and ranked about 90th in the world, will raise its 1989 dividend by 25 per cent following a 40 per cent jump in net profit to Sch1.4bn ($117m) from Sch1.02bn a year earlier. The bank will also raise Sch1.8bn through an 18-to-1 share rights issue.

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December, 1989

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Free State Consolidated Gold Mines Limited

The South African Land & Exploration Company Limited

Southvaal Holdings Limited

Vaal Reefs Exploration and Mining Company Limited
Registration number 05/17354/06

Western Deep Levels Limited
Registration number 57/02349/06

Abridged quarterly reports and preliminary profit announcement – Dividend declarations

Freegold

Issued Capital in shares of 50 cents each: 116 179 121 ordinary and 890 871 (previously 864 357) S ordinary shares

The following are the results of the company and its wholly-owned operating subsidiary, Free State Consolidated Gold Mines (Operations) Limited.

	Quarter ended Dec. 1989	Quarter ended Sept. 1989	Nine months ended Dec. 1989
Gold			
Area mined – m²000	1 043	1 013	3 037
Tons milled 000	6 513	6 573	19 621
Yield – g/t	4.25	4.21	4.19
Production – kg	27 710	27 649	82 124
Cost – R/kg produced	27 432	26 413	26 383
Price received on gold sales – R/kg	32 461	32 393	32 295
Metallurgical Scheme			
Slimes treated – tons 000	4 162	4 393	12 745
Uranium oxide produced – kg	107 156	118 878	327 713
Gold produced – kg	544	603	1 747
Acid produced – tons	98 636	106 008	311 045
	R million	R million	R million
Turnover	931.5	928.9	2 758.6
Profit before taxation	167.9	198.0	569.3
Provision for taxation	7.9	25.9	56.3
Profit after taxation	160.0	172.1	513.0
Appropriation for capital expenditure after loan finance	77.4	79.5	253.9
Profit available	82.6	92.6	259.1
Interim dividend of 150 cents per share paid on December 15 1989			175.6
Increase in retained profit			83.5
Earnings per share – cents	71	79	221
Capital expenditure – R million	87.9	82.5	277.0

Note:
Orders placed and outstanding on capital contracts as at December 31 1989 totalled R72.0 million.

Ergo

Issued Capital in shares of 50 cents each: 42 078 712 ordinary and 3 440 944 (previously 3 440 384) S ordinary shares.

	Quarter ended Dec. 1989	Quarter ended Sept. 1989	Nine months ended Dec. 1989
Material treated – tons 000	9 556	8 866	27 629
Gold production – kg	2 957	2 881	8 722
Uranium production – kg	39 680	36 299	123 711
Acid production – tons	129 531	95 408	360 810
Price received on gold sales – R/kg	32 396	32 347	32 179
	R000	R000	R000
Turnover	106 856	105 084	317 086
Profit before taxation	22 276	22 131	71 781
Ergo division	13 207	14 036	47 105
Daggafontein division	7 223	7 494	21 495
Simmergo division	1 846	601	3 181
Provision for taxation	3 439	2 005	12 935
Profit after taxation	18 837	20 126	58 846
Appropriation for capital expenditure	8 257	9 702	26 135
Profit available	10 580	10 424	32 711
Interim dividend of 50 cents per share paid on December 15 1989			22 760
Increase in retained profit			9 951
Earnings per share – cents	23	23	72
Capital expenditure – R000	7 688	9 112	24 644

Note:
Orders placed and outstanding on capital contracts as at December 31 1989 totalled R8 690 000.

Vaal Reefs

Issued Capital in shares of 50 cents each: 19 000 000 ordinary and 59 734 (previously 58 649) S ordinary shares

	Quarter ended Dec. 1989	Quarter ended Sept. 1989	Year ended Dec. 1989
Gold			
Area mined – m²000	536	557	2 090
Tons milled 000	2 778	2 801	10 920
Yield – g/t	6.86	6.82	6.91
Production – kg	19 067	19 102	75 455
Cost – R/kg produced	20 416	20 745	20 044
Price received on gold sales – R/kg	32 475	32 411	32 055
Uranium oxide			
Tons treated 000	2 331	2 328	9 195
Yield – kg/t	0.20	0.20	0.19
Production – kg	463 172	458 626	1 784 768
	R million	R million	R million
Turnover	664.3	657.4	2 577.5
Profit before taxation	217.3	191.6	821.4
Provision for taxation	43.2	61.3	217.9
Profit after taxation	174.1	130.3	603.5
Appropriation for capital expenditure	97.2	63.6	307.3
Profit available	76.9	66.7	296.2
Dividends – including a final dividend of 800 cents per share			305.0
Decrease in retained profit			8.8
Earnings per share – cents	403	350	1 554
Capital expenditure – R million	97.9	66.4	321.6

Notes:
1. The current quarter's results include a half-yearly dividend from Southvaal Holdings Limited and are therefore not directly comparable with the previous quarter.
2. Orders placed and outstanding on capital contracts as at December 31 1989 totalled R81.4 million.

Elandsrand

Issued Capital in shares of 20 cents each: 96 619 825 ordinary and 209 661 (previously 208 048) S ordinary shares

	Quarter ended Dec. 1989	Quarter ended Sept. 1989	Year ended Dec. 1989
Area mined – m²000	93	92	359
Tons milled 000	548	495	1 944
Yield – g/t	6.76	6.76	6.67
Production – kg	3 707	3 344	12 971
Cost – R/kg produced	19 499	20 376	19 864
Price received on gold sales – R/kg	32 583	32 536	32 154
	R000	R000	R000
Turnover	124 414	107 220	420 329
Profit before taxation	52 104	39 804	165 755
Provision for taxation	266	850	2 804
Profit after taxation	51 838	38 954	162 951
Appropriation for capital expenditure	24 640	22 684	85 554
Profit available	27 198	16 270	77 397
Dividends – including a final dividend of 40 cents per share			77 463
Decrease in retained profit			66
Earnings per share – cents			
– before appropriation for capital expenditure	53	40	168
– after appropriation for capital expenditure	28	17	80
Capital expenditure – R000	32 019	28 899	115 946

Note:
Orders placed and outstanding on capital contracts as at December 31 1989 totalled R22 357 729.

S.A. Land

Issued Capital in shares of 35 cents each: 9 182 700 ordinary and 69 495 (previously 66 635) S ordinary shares

	Quarter ended Dec. 1989	Quarter ended Sept. 1989	Year ended Dec. 1989	Year ended Dec. 31 1988 (Audited)
Tons milled 000	665	658	2 656	
Yield – g/t	0.54	0.52	0.54	
Production – kg	357	343	1 427	
Production, transport and screening costs – R/kg produced	26 894	25 945	24 365	
Price received on gold sales – R/kg	32 726	32 357	32 105	
	R000		R000	R000
Turnover	11 770	11 125	46 001	
Profit before taxation	1 227	1 404	6 571	
Provision for taxation	205	437	2 391	
Profit after taxation	1 022	967	4 180	
Appropriation for capital expenditure	–	22	(31)	
Profit available	1 022	945	4 211	
Dividends – including a final dividend of 20 cents per share			4 162	
Increase in retained profit			49	
Earnings per share – cents	11	10	45	
Capital expenditure – R000	7	22	107	

S.A. Land – continued

(The continued part of the table is headed "Year ended Dec. 31 1989" and "Year ended Dec. 31 1988 (Audited)", R000.)

Note:
There were no orders placed or outstanding on capital contracts as at December 31 1989.

Western Deep Levels

Issued Capital in shares of R2 each: 27 194 115 ordinary and 217 082 (previously 209 542) S ordinary shares

	Quarter ended Dec. 1989	Quarter ended Sept. 1989	Year ended Dec. 1989
Area mined – m²000	225	234	917
Tons milled 000	1 689	1 688	6 584
Yield – g/t	5.78	6.31	6.16
Production – kg	9 757	10 652	40 569
Cost – R/kg produced	22 483	19 604	20 257
Price received on gold sales – R/kg	32 480	32 335	32 077
	R million	R million	R million
Turnover	322.5	344.5	1 310.5
Profit before taxation	107.3	143.3	510.5
Provision for taxation	(10.6)	34.2	89.2
Profit after taxation	117.9	109.1	421.3
Appropriation for capital expenditure	95.9	71.6	290.0
Profit available	22.0	37.5	131.3
Dividends – including a final dividend of 220 cents per share			131.6
Decrease in retained profit			0.3
Earnings per share – cents	80	137	479
Capital expenditure – R million	96.8	71.5	295.3

Notes:
1. A fire in an old area on the Carbon Leader reef horizon adversely affected gold production by approximately 850 kilograms for the quarter. The Fire area will remain sealed until March 1990 and production in the March quarter is likely to be further affected by about 1 000 kilograms.
2. Orders placed and outstanding on capital contracts as at December 31 1989 totalled R43.2 million.

Abridged preliminary profits announcement for the year ended December 31 1989

Southvaal

Issued Capital: 26 000 000 ordinary shares of 50 cents each

	Year ended Dec. 31 1989	Year ended Dec. 31 1988 (Audited)
	R000	R000
Royalty from Vaal Reefs Exploration and Mining Company Limited and sundry income	287 370	371 667
Profit before taxation	283 895	368 757
Taxation	141 647	184 370
Profit after taxation	142 248	184 387

Southvaal – continued

	Year ended Dec. 31 1989	Year ended Dec. 31 1988 (Audited)
	R000	R000
Dividends – interim of 275 (1988: 310) cents per share paid on September 15 1989	71 500	80 600
– final of 275 (1988: 400) cents per share (payable on or about March 16 1990)	71 500	104 000
	143 000	184 600
Decrease in retained profit	752	213
Earnings per share – cents	547	709

Dividend declarations

Final dividends

On Thursday, January 18 1990, final dividends for the year ended December 31 1989 were declared payable to holders of the following companies' ordinary and S ordinary shares:

Company	*Dividend number*	*Cents per share*
Elandsrand	15	40
Southvaal	26	275
S.A. Land	97	20
Vaal Reefs	67	800
Western Deep Levels	56	220

	1990
Last day to register for dividends (and for changes of address or dividend instructions)	Friday, February 9
Registers closed from to (inclusive)	Saturday, February 10 Saturday, February 24
Ex-dividend on Johannesburg and London stock exchanges	Monday, February 12
Currency conversion date for sterling payments to shareholders paid from London	Monday, February 12
Dividend warrants posted	Thursday, March 15
Payment date of dividends on or about	Friday, March 16
Rate of non-resident shareholders' tax	15 per cent

The Full conditions relating to the dividends may be inspected at the Head and London offices of the companies and the transfer secretaries.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per C.R. Bull
Senior Divisional Secretary

January 18 1990

Notes
1. Unless otherwise stated all results are unaudited.
2. All companies are incorporated in the Republic of South Africa.
3. The increase in share capitals during the quarter resulted from the issue of shares to Anglo American Corporation of South Africa Limited (AAC) to finance the acquisition of AAC shares for distribution to employees who participate in The Anglo American Group Employee Shareholder Scheme.
4. The unabridged reports will be posted to members, debenture and option holders, and to persons on the mailing lists. Copies of the unabridged reports are available from the Transfer Secretaries and the Head and London Offices.

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January 18 1990

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Good showing from four US banks

By Anatole Kaletsky in New York

BANKAMERICA, the third largest US bank group, reported sharply improved results in the fourth quarter, continuing a strong recovery from the huge losses it suffered until a major management shake-up in 1988.

NCNB, the North Carolina bank group which has acquired the biggest bank in Texas from the US Government, also announced greatly improved results.

Chemical Banking, which has also expanded in Texas but without US government assistance, reported results in line with Wall Street expectations.

Meanwhile, Continental Bank, the big Chicago-based wholesale and institutional lender, announced the sale of First Options of Chicago, its options clearing business.

BankAmerica made net profits of $270m or $1.21 a share in the fourth quarter. This represented little change on the $265m or $11.36 a share reported a year ago, but the year-earlier figure included $351m of Brazilian interest payments, mostly relating to previous quarters, partly offset by a $167m restructuring charge.

The bank set aside an extra $200m for possible credit losses in developing countries in the latest quarter, as well as in the corresponding quarter of 1988. This increased to 47 per cent the bank's reserve coverage on medium and long-term loans to Third World countries.

BankAmerica said there was no increase since the end of 1988 in non-accruing loans to domestic borrowers, which stood at $1.28bn at the end of December.

For 1989 as a whole, BankAmerica announced earnings of $1.1bn or $5.19 a share, compared with $726m or $3.79 the year before.

The bank added that its total risk-adjusted capital stood at 9.1 per cent of assets, while core capital was 5.6 per cent. These capital ratios compared with the requirements of 8 per cent and 4 per cent respectively due to come into effect in 1992.

Chemical Banking announced fourth quarter earnings of $96m or $1.04 a share, compared with $288.5m or $4.66 the year before. The year earlier result included $205m in non-recurring interest payments from Brazil.

For the whole year, Chemical made a net loss of $482m or $8.29 a share, including the third quarter's $600m special allowance for less developed countries' losses.

In 1988 the bank earned $754m or $12.02, which was also distorted by numerous special items.

Continental Bank reported a net loss of $58m or $1.23 a share in the fourth quarter, after taking a $62m charge connected with the sale of First Options.

It said that income from continuing operations in the quarter was $23m or 26 cents a share, compared with $120m or $2.06 a year ago. Annual income from continuing operations came to $286m or $4.64, down from $346m or $5.74.

NCNB reported a doubling of net income in the latest quarter to $136m or $1.30 a share, compared with $64m or 69 cents the year before.

For the whole of 1989, it made $447m or $4.62 a share, compared with $252m or $2.90. This big increase was due largely to the acquisition of NCNB Texas, formerly First RepublicBank.

Mr Hugh McColl, chairman, said that the profitability and successful integration of NCNB Texas, which was acquired with massive assistance from *the Federal Deposit Insurance* Corporation, had "exceeded our most ambitious expectations."

Big Finnish forest group buys into competitor

By Enrique Tessieri in Helsinki

METSA-SERLA, one of Finland's leading forest groups, has over the past two days acquired a 23.7 per cent stake in United Paper Mills (UPM), the country's fourth largest forest group.

Metsä-Serla said it had acquired "around 10m UPM shares for a cost of FM1.8bn ($461m)."

Analysts believe the recent acquisition is only one step towards merging UPM into Metsä-Serla. If both forest companies merged, their combined turnover would reach FM20bn, the largest of any forest group in Finland.

That suggests Finland will probably end up with three large forest groups: Metsä-Serla, state-owned Enso-Gutzeit and Kymmene, which is under the sphere of influence of the Union Bank of Finland and the wealthy Ehrnrooth family.

The share purchase announcement comes a month after Metsä-Serla lost a battle with Fletcher Challenge of New Zealand to acquire full ownership of UK Paper, the leading fine paper group which was purchased from Bowater Industries in 1986.

Just before Metsä-Serla lost the bid to acquire UK Paper, it merged its pulp operations with UPM and the Finnish forest owner's co-operative Metsäliitto, which owns 48 per cent of Metsä-Serla, to form Metsä-Botnia, which will have an annual pulp making capacity of 800,000 tonnes and a turnover of around FM2.6bn in 1989.

Cellular telephones boost two regional Bell groups

By Roderick Oram in New York

PACIFIC TELESIS and Ameritech, two of the Bell regional telephone companies, reported higher profits due to booming demand for cellular telephones and modest growth of conventional services.

California-based PacTel turned in net profits of $322m, or 79 cents a share, for the fourth quarter ended December, up sharply from $249m, or 59 cents, a year earlier. Revenues were flat at $2.47bn against $2.43bn.

Full year net was $1.24bn, or $3.02 a share, against 1.19bn, or $2.81, a year earlier. Revenues were $9.59bn against $9.48bn.

Pacific Bell and Nevada Bell, its two operating companies for conventional phones, enjoyed a 4.3 per cent growth in subscriber lines to 13.7m. Messages increased 9.9 per cent to 3.14bn and usage by 11.7 per cent to 38.3bn minutes.

The subscriber base of PacTels' cellular business, with services in Los Angeles and other major markets, grew 45 per cent during the year to 381,000 customers. Cellular operating cash flow increased 56 per cent to $200.9m.

PacTel said it was well placed for further growth due to incentive-based regulation of conventional phone services in California, its international foothold in West Germany and the UK, and its leading position in cellular telephones.

Ameritech, serving five mid-western states, reported fourth quarter net profits of $331.7m, or $1.22 a share, against $309.7m, or $1.55. Revenues grew to $2.6bn from $2.5bn.

Full year net was flat at $1.24bn, or $4.59, against $1.24, or $4.55, a year earlier. Revenues edged ahead to $10.21bn from $9.9bn.

Subscriber lines for conventional phones increased 2.8 per cent to 15.9m and calling volume also grew. Ameritech Enterprise, its non-regulated operations, reported a 19 per cent increase in revenues due to cellular business growing by 65 per cent.

Christiania Bank to buy rival

By Karen Fossli in Oslo

CHRISTIANIA BANK, one of Norway's top three banks, has signed a preliminary agreement in principle to acquire Sunnmoersbanken, a troubled medium-sized commercial bank which is technically insolvent.

Sunnmoersbanken's recent history has been rocky; two years ago the bank was placed under the administration of the Banking, Securities and Exchange Commission which subsequently deemed the Guarantee Fund of the Commercial Banks as lender of last resort.

By last February the fund had absorbed the bank, which it reorganised. This followed two failed rescue attempts, one of which involved Christiania.

Losses on loans and guarantees, including write-offs, by Sunnmoersbanken in 1988 were close to NKr700m ($107m) and for 1989 they are estimated to be in excess of NKr500m.

The bank's problems stem largely from Norway's oil-dependent economy, which has deteriorated since 1986 when world crude oil prices plunged to their lowest levels since the 1970s. This forced three years of commercial and private bankruptcies, exacerbated by the bank's over-exposure in loans to Norway's troubled fishing industry.

In the deal struck yesterday between Christiania and the Guarantee Fund, Sunnmoersbanken's accumulated losses ended December 1989 are to written off. Losses are to be calculated by Christiania and Price Waterhouse, the international auditor, together with Sunnmoersbanken and Coopers & Lybrand, another international auditing firm.

The deal increases Christiania's market share in the northwest of Norway to about 50 per cent. Christiania already has branches in three cities in the area which over-lap with Sunnmoersbanken, so a reorganisation will be necessary.

For accounting purposes the merger will be effected from January 1, although the deal still hinges on the Finance Ministry's acceptance of the conditions.

On the Oslo stock exchange Christiania's share price rose to NKr120 a share from NKr117 on news of the deal.

Workers at Koor stage day's strike

By Hugh Carnegy in Jerusalem

WORKERS at Koor Industries staged a one-day strike at factories around Israel yesterday amid efforts by the Government and the group's trade union ownership to thrash out a rescue plan for the company, threatened by billion-dollar debts it cannot service.

Meanwhile, Manufacturers Hanover, which leads the group of Koor's foreign bank creditors, said it had not received any approach from two foreign companies which have made offers to acquire Koor. Instead, it urged the Israeli Government, Koor and its owners to concentrate on addressing the group's operational shortcomings.

Koor, the country's biggest industrial concern with interests ranging from construction to telecommunications, said all its plants were shut by the strike, except those of Tadiran, its biggest subsidiary and biggest loss-maker employing half the group's 21,000 workforce. The strike was held to demand government aid for Koor and to oppose its disposal to foreign investors.

Mr Shimon Peres, the Finance Minister and leader of the Labour party, discussed Koor's fate on Wednesday night with leaders of the Histadrut trade union federation, which owns Koor, and top executives from Bank Hapoalim, Koor's biggest creditor, which is also owned by the Histadrut.

Koor says a solution must be worked out by January 25 when it faces insolvency if it cannot pay overdue interest on bonds worth $105m issued in the US. It has suspended all payments on its other debts until then.

Mr Yisrael Kessar, the Histadrut general secretary, said yesterday that bids by Shamrock Investment Corp of California and by the Belzberg brothers, Canadian investors, were being considered, as was a Koor-proposed rescue package involving the Government and big write-offs by creditor banks.

Mr Peres apparently intends to invite Koor's foreign creditors to a meeting in Israel to try to agree on an outcome. But the foreign creditors have signalled their mounting impatience with this approach.

Mr Philip Zegarelli, a vice president at Manufacturers Hanover, said: "We have not received any approach directly or indirectly by the [foreign] parties interested in a Koor stake. This leads us to believe the company, the Government and the owners must refocus on solving the operational problems of the company."

Market depresses Bear Stearns

By Janet Bush in New York

BEAR STEARNS, the US brokerage and investment bank, yesterday reported net income for its fiscal second quarter ended December of $29.1m or 29 cents a share, less than half the total earned in the same quarter in 1988.

The company said this reflected unfavourable market conditions during the period in the debt and equity markets, a lack of risk arbitrage opportunities and a decline in merger and acquisition activities.

Net income in the quarter was up 32 per cent from the previous quarter, when net income totalled $22.1m or 22 cents a share, but sharply lower than the record $63.3m or 63 cents a share earned in the last three months of 1988.

Gross revenues were $578.0m compared with $632.6m in the corresponding quarter.

Bear Stearns declared a 5 per cent common stock dividend and a 14 cent quarterly cash dividend. The company noted that this was the fourth time it had increased the dividend on common stock in the past 18 months.

Mr Alan Greenberg, chairman, said he was pleased with the latest quarter's results, particularly as the period included the 190 point drop in the Dow Jones Industrial Average on October 13. "The performance of all our operating departments confirms that the company consistently is able to produce profits during challenging market conditions."

In the six months to December 1989, net income was $51.2m or 51 cents a share, compared with $83.8m or 82 cents a share in the same period of 1988. Revenues totalled $1.2bn compared with $1.1bn.

American Airlines adds routes

By Paul Abrahams

AMERICAN Airlines, the Dallas-based carrier, is to increase its trans-Atlantic capacity by 22 per cent this summer. The move will intensify competition on the lucrative Atlantic routes at a time when US and European airlines are reporting falling profits.

Mr Donald Carty, executive vice president, said yesterday that the new routes underlined the company's commitment to the European market-place and its determination to make American the leading US carrier in the trans-Atlantic market.

The new routes will run between London-Chicago, Glasgow-Chicago, Munich-Chicago, Düsseldorf-Chicago and London-Miami. The company will be offering an additional 26 flights a week on top of the 119 already scheduled.

Analysts believe the move is likely most to affect TWA and Pam Am in the US, while in Europe British Airways and Lufthansa are most likely to suffer.

AMR, the parent company of American, reported sharply lower fourth-quarter profits this month. Net profits for the three months to December fell to $38.9m from $119.7m a year earlier. Revenues rose 19 per cent to $10.48bn.

The results appear to be holding back some of the company's plans for expansion. American also announced yesterday that it would discontinue its one-stop services to Stuttgart, Hamburg, and Geneva, as well as its Frankfurt-New York route. It is also postponing plans to begin services between Chicago-Helsinki, Chicago-Warsaw and Dallas-Barcelona.

Alcoa disappoints with 24% fall

By Anatole Kaletsky

ALUMINUM Company of America, the world's largest aluminium producer and a bellwether business whose performance is widely considered to reflect the state of America's industrial economy, stunned Wall Street with a disappointing fourth-quarter earnings announcement.

However, Reynolds Metals, the second largest US aluminium company, announced earnings in line with Wall Street expectations.

Alcoa made net profits of $165m or $1.88 a share in the fourth quarter, 24 per cent down on the $219m or $2.47 reported a year earlier.

Wall Street forecasts of the quarter's earnings had ranged from $3.81 a share to a minimum of $1.98, with a mean of $2.57, according to the Institutional Brokers Estimates System.

Mr Paul O'Neill, Alcoa's chairman, attributed the steep downturn to the "continuing trend of an economic slowdown that began in mid-year." More specifically he referred to lower prices, declining shipments and a less profitable mix of products against the background of higher raw material costs.

Alcoa also suffered foreign exchange translation losses of $14.5m in the quarter. But such losses were even bigger in the final quarter of 1988, when they came to $49m.

Sales in the latest period were $$2.69bn, up 2 per cent on the year before.

In spite of the disappointing results, Alcoa set a record for annual profits in 1989 as a whole. The company earned $945m or $10.67 a share, up 9.8 per cent on the $861m or $9.74 profits in 1988. Annual revenues were up 11 per cent at $10.91bn.

Reynolds Metals earned $134m or $2.26 a share in the final quarter, 13 per cent below 1988's $140m or $2.61 on revenues up 5 per cent at $1.55bn.

Full-year earnings were $533m or $9.20 a share, up from $482m or $9.02. Annual revenues rose *10* per cent to $6.14bn.

Reynolds is more reliant on consumer products than Alcoa and also has substantial precious metals interests. It is therefore less vulnerable to the vagaries of the economic cycle. Mr William Bourke, chairman, said business was adversely affected by the slowing of the economy, especially in the key automotive and construction markets. But he forecast demand would strengthen by mid-1990 and that shipments for the year as a whole would "exceed 1989 levels by a modest amount."

Bowater reveals fourth-quarter decline to $32m

BOWATER Inc, one of North America's largest newsprint producers, saw fourth-quarter net income fall from $45.2m or $1.22 a share to $32.2m or 86 cents. This takes the full-year figure to $144.6m, compared with the record $164.3m in 1988, writes Our Financial Staff.

Sales last year were $1.45bn, *up 2.8 per cent from 1988.* Fourth-quarter sales were almost unchanged at $367.3m.

Mr A.P. Gammie, chairman and chief executive, said: "Although there were signs of a slowdown towards year-end, Bowater produced its second best net income ever in 1989."

These results were achieved *in spite of special charges* which included pulp mill start-up costs, timber losses due to Hurricane Hugo and the write-off of a feasibility study for coated paper expansion.

"We expect the current over-capacity in newsprint to be with us for two or more years, but it is likely to be less severe than many forecasters predict. Furthermore, there is hope that much of the surplus capacity coming into Europe will be directed to the East rather than to North America," Mr Gammie said.

Market pulp would not be as strong because of softening demand, but the company expected excellent profits.

Venalum posts US$198m net

By Joseph Mann in Caracas

VENALUM, Venezuela's largest aluminium producer, reported a net profit of US$198m for 1989.

Net earnings last year, in US dollar terms, were less than the 1988 profit of $261m, due to a significant devaluation of the Venezuelan currency.

However, profits in local currency were 47 *per cent* higher and production rose 23 per cent. Venalum is a joint venture between the Venezuelan Government and six Japanese concerns.

Soft demand hits Smith Corona

By Roderick Oram

SMITH CORONA, the US typewriter and word processor maker 48 per cent owned by Hanson of the UK, has reported lower fiscal second-quarter earnings, reflecting soft demand and a write-down of inventory.

The results indicate the performance of the Connecticut-based company has continued to deteriorate since Hanson sold off a majority of it to public shareholders at the peak of *the market last summer.*

Smith Corona's share price fell a further $¼ to $12¼ yesterday morning, leaving it down 42 per cent from the flotation price of $21 last July 28.

Over the same period the Standard & Poor's 500 has slipped only 2.4 per cent.

Hanson raised a gross $310m from the offering and saddled Smith Corona with $95m of debt.

Net profits for the second quarter ended December 31 fell to $12m or 40 cents a share, from $15.5m or 51 cents a year earlier before a $1.6m or 5 cent a share after-tax charge for winding up an executive incentive plan.

The company declined to give a figure for the inventory write-off but it appears to be large. It said without the charge net profits would have almost equaled the year-earlier 51 cents a share.

In a Securities and Exchange filing on November 17, Smith Corona said its accounts receivable had jumped 50 per cent to $121m since June and its inventories had doubled to $121m since March.

Sales rose 1.5 per cent to $128.8m from $126.9m a year earlier.

First-half net dipped to $28.3m or 94 cents a share, *from $29m or 96 cents a year* earlier before a $3m or 10 cents a share after-tax charge for the incentive programme.

Sales rose to $281m from $258.9m.

Downturn may be on the way for pulp producers

By Maggie Urry

PULP PRODUCERS face sharply falling profits, judging by forecasts from Mr Rune Brandinger, chief executive of Södra Skogsägarna, the Swedish pulp maker.

Mr Brandinger said in London yesterday, at a meeting organised by the Swedish Pulp and Paper Association, that his company had made an estimated profit of around £110m ($181m) in 1989. He said it had been an "exceptionally good" year for the group.

However, he forecast that the profits of the company, which is owned by the 27,000 forest owners who supply its wood, could fall to around £20m-£25m within two years because of a downturn in the business cycle. This would mean a return on assets of between 5 and 10 per cent.

Pulp prices have risen sharply in recent years, but forecasters now expect prices to weaken as demand growth softens and new capacity comes on stream.

Mr Brandinger said he thought the industry had learned from tough previous downturns. Pulp producers would cut back production by taking downtime at mills, rather than enter this difficult period with high stock levels.

Södra is to take two weeks downtime during the first quarter of this year.

Strong dollar counters higher sales at Pfizer

By Anatole Kaletsky

PFIZER, the third largest US drugs company, said yesterday the persistent strength of the dollar had led to a 6 per cent decline in net profits, in spite of a 9 per cent advance in worldwide sales.

Pfizer made $133m or 79 cents a share in the fourth quarter, compared with $142m or 84 cents a year earlier. The company had indicated that it expected a "modest decline" in earnings because of adverse currency translation effects and analysts were prepared for yesterday's results.

In 1989 as a whole Pfizer made net profits of $727m or $4.31 a share, down 8 per cent from the $791m or $4.70 reported in 1988. The company's annual sales increased by 5 per cent to $5.67bn, while quarterly sales were 9 per cent ahead at $1.49bn.

In spite of yesterday's relatively weak result, analysts remained sanguine about Pfizer's prospects for the year ahead, pointing out that two important new drugs – Procardia XL, a cardiovascular calcium-channel blocker, and Diflucan, an anti-fungal formulation – had just been placed on the market.

Several other important drugs are about to receive government clearances.

Lotus 1-2-3 to run on Sun

By Louise Kehoe in San Francisco

LOTUS Development is to launch versions of its popular personal computer spreadsheet program, 1-2-3, to run on Sun Microsystems' workstations.

The software is expected to boost Sun's efforts to broaden *the market for its desktop* workstations and to challenge personal computers.

The availability of standard software packages for use on workstations will spur rapid growth in the workstation market over the next five years, according to a report published this week by Dataquest, the US market research firm.

The worldwide workstation market grew by 40.2 per cent to *reach $6.1bn* revenue *last* year, says the report.

Dataquest forecasts a 30 per cent sales growth in workstations over the next five years. Sun is the market leader.

Primerica reaches $289m

By Alan Friedman in New York

PRIMERICA, the US financial services conglomerate run by Mr Sandy Weill, yesterday announced a $289m net profit on $5.7bn of 1989 total revenues.

The figures, including $95.9m of fourth-quarter net income or 87 cents per share, are not comparable with previous accounts because the company was taken over at the end of 1988 by Commercial Credit, the consumer finance business Mr Weill had chaired since 1986, a year after leaving the presidency of American Express.

Commercial Credit, which in 1988 had $161.8m of net profits on revenue of $1.004bn, bought control of Primerica for about $1.5bn and then took its name on the New York Stock Exchange.

A substantial portion of Primerica's revenues revealed yesterday come from businesses acquired by Commercial Credit.

These include the Smith Barney brokerage subsidiary, which swung from loss in 1988 to a $49.7m net profit in 1989, the Fingerhut mail order business and a variety of mutual funds, insurance companies, asset managers and related businesses.

Mr Weill yesterday called 1989 a "key transition year."

Phillips to write off $280m for delayed work

PHILLIPS PETROLEUM, the US oil and chemical group, will take a $280m charge on offshore *California* investments, resulting in a "substantial" loss for the fourth quarter, AP-DJ reports.

The oil company says the write-off is necessary because starting work in the area has suffered "protracted delays," particularly in receiving regulatory approval to move oil to *refineries* by tanker.

Phillips says that groups such as environmentalists and other activists groups have opposed the oil industry's attempts to produce and process in the area.

Facilities to handle oil and gas from the Point Arguello field were ready to begin operations in July 1988. In May 1989 Santa Barbara County approved an interim plan to transport the oil by tanker. The groups have appealed against the county's action.

The writedown applies to Phillips' interests in the Point Arguello field and associated *production, transportation and* onshore processing facilities, suspended exploratory wells in the Rocky Point field and some other offshore California leases.

Phillips says it holds 40 per cent and 50 per cent interests in the blocks that are part of the Point Arguello field.

Mérieux go-ahead

THE US Federal Trade Commission has cleared the way for Institut Mérieux of France to acquire Toronto-based Connaught BioScience, Reuter reports.

An FTC complaint charged that the merger would have made Institut Mérieux the dominant firm in the manufacture and sale of rabies and inactivated polio vaccines in the US.

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Underground fire curbs Anglo American

ANGLO AMERICAN, the largest of South Africa's mining groups, will continue to increase gold production as a means of overcoming the effects of flat gold prices and rising costs, writes Jim Jones from Johannesburg.

However, it was forced to drop this policy and concede lower production overall in the December quarter as an underground fire hit production at the Western Deep Levels mine.

Mr Theo Pretorius, who heads the group's Transvaal gold division, noted yesterday *the average gold price fell 13* per cent in dollar terms during 1989. However, a drop in the rand's value against the dollar had resulted in the average rand gold price rising slightly.

Freegold, the country's largest gold mining complex, has shifted away from emphasis on high volumes as certain areas have reduced production and raised gold recovery. The *mine's unit costs increased* by 5 per cent to R116.71 ($45) per tonne during the quarter.

Vaal Reefs increased its total gold output although an increase in the ore production rate at the mine's northern section failed to offset a drop in the section's gold recovery grade. The southern section, which pays 55 per cent of its profit after tax and capital expenditure to Southvaal Holdings, raised gold production in spite of a lower ore processing rate.

Western Deep was obliged to close some high-grade working areas during the quarter and suffered a consequent drop in its average gold recovery grade to 5.78 grams *per tonne* [g/t] from the September quarter's 6.31 g/t. Mr Pretorius estimates the mine suffered a gold production loss of about 850kg.

The Elandsrand mine, which borders Western Deep, has continued to raise its ore production rate and its gold recovery grade. Ore milling reached a sustainable monthly rate of 180,000 tonnes towards the end of the quarter and a further grade rise from the December quarter's 7.10 g/t is forecast.

Ergo, which recovers gold and uranium from old mining residues *on the East Rand,* restored gold production after the closure of part of its processing plant for maintenance in the September quarter.

Sallies, the small veteran mine, hopes to locate additional dump material which it can process to extend its life expectancy beyond the present two years.

ANGLO AMERICAN GOLD QUARTERLIES

	Gold produced (kg) Dec 89	Gold produced (kg) Sep 89	After-tax profit (Rm) Dec 89	After-tax profit (Rm) Sep 89	Earnings per share (cents) Dec 89	Earnings per share (cents) Sep 89
Elandsrand	3,707	3,344	52.1	39.1	28.1	16.8
Ergo	2,957	2,881	18.8	20.1	23.2	22.9
Freegold	27,710	27,649	160.0	172.1	70.6	79.1
SA Land	357	343	1.0	1.0	11.0	10.2
Vaal Reefs	19,067	19,102	174.0	130.3	403.0	350.0
W. Deep	9,757	10,652	117.9	109.1	80.3	136.8

Earnings per share calculated after tax and capital expenditure.

Citic takes control of HK quoted company

PEKING'S China International Trust and Investment Corporation (Citic) yesterday moved to take an active investment role on the Hong Kong Stock Exchange, agreeing to acquire control of a small quoted company called Tylfull from the Chao business family, writes John Elliott in Hong Kong.

This will provide China's most active foreign investment organisation with a relatively low-key way of testing market reaction to its presence at a time when confidence is low in the colony because of its return to Chinese sovereignty in 1997.

Citic Hong Kong, the organisation's local offshoot, has recently entered an expansionary phase and earlier this week clinched a deal which gives it a 38 per cent stake in Dragonair, the fledgling Hong Kong airline. It has an existing 12.5 per cent stake in Cathay Pacific, the colony's main carrier.

Mr Larry Yung, Citic Hong Kong's managing director, said last night he expected to announce within a few days that Citic has finalised arrangements to buy 20 per cent of Hongkong Telecommunications from Cable and Wireless of the UK for about HK$10bn (US$1.3bn), funded by bank loans and warrants.

It is also looking at other deals after a quiet period last year when its Peking parent was under a cloud because of corruption investigations and foreign exchange difficulties.

Tylfull will take over Citic Hong Kong's 38 per cent Dragonair holding. It is also likely to be given Citic's stakes in AsiaSat, which is to launch a communications satellite in April, as well as its involvement in Hong Kong's second cross-harbour tunnel and possibly a power station in China. The Tylfull name will be changed to Citic later if it proves successful on Hong Kong's stock market.

Citic already has a stock exchange presence in Hong Kong through its rescue four years ago of the small Ka Wah Bank, but this has not been regarded as an active vehicle for Citic.

The Tylfull and Dragonair deals have been structured by Peregrine Brokerage so Citic finishes up with a cash surplus of about HK$11.4m. This is important at a time when Citic is finalising substantial borrowings to finance the Hongkong Telecom stake and when China's ratings are low.

Tylfull is a property development company owned by the Chao family, which is also involved in Dragonair.

Novel idea grew into big deals with China

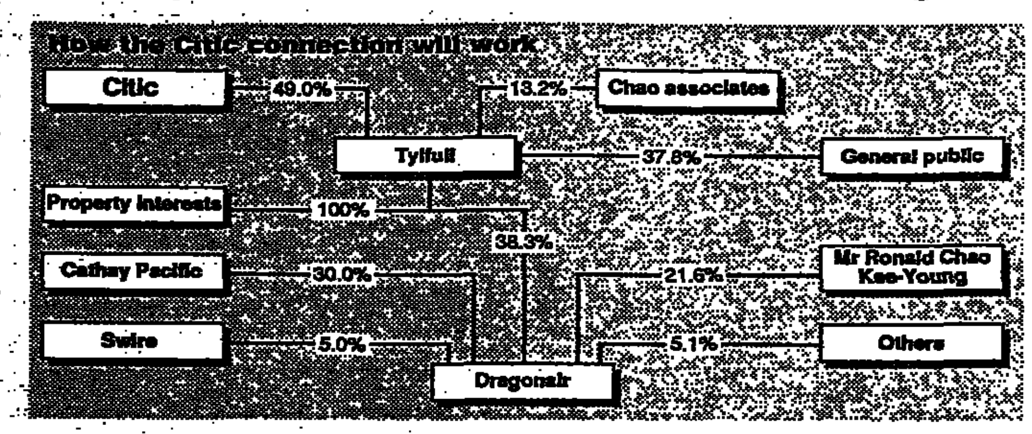
John Elliott on the family behind Peking's move into the Hong Kong stock market

The Shanghai-born Chao family has been good friends of China since the family built up its wealth from nothing in Hong Kong's textile industry with a company called Novel Enterprises.

It started one of the first joint ventures in southern China in 1979 before the province of Guangdong had become industrially fashionable. Now it has a far-flung manufacturing presence in many parts of the country.

In 1985 it started fostering Peking's interests in the colony when it created Hong Kong Macao International Investment (HKMII) with mainland backing, plus finance from Hong Kong's top tycoons. HKMII quickly spawned Dragonair, the colony's fledgling airline, with grand ambitions.

Earlier this week it facilitated the joint takeover of the lossmaking Dragonair by the Peking-controlled China International Trust and Investment Corporation (Citic) and the Swire group's Cathay Pacific Airways. Yesterday it sold Tylfull, one of its quoted companies, to Citic so the Chinese state entity can obtain its first active listing on the Hong Kong Stock Exchange.



During the 1980s many Hong Kong Chinese families have gone back to their roots to earn recognition from Peking by reestablishing links – ahead of China's resumption of sovereignty over the British colony in 1997.

Some, including big names like Mr Li Ka-shing and Sir Yue-Kong Pao, have concentrated on founding charitable institutions such as universities and hospitals. Others have started joint ventures and many have done Peking favours. Few have done as much as the Chaos, or have been so visibly useful.

"For my father [Mr Chao Kuang Piu], who founded our group here, China has sentimental value," says Mr Ronald Chao, the 50-year-old managing director of Novel Enterprises who was educated in Japan and the US. "He has always been venturesome and has had a desire to do things in China because that's where the family came from in the early 1950s."

Mr Ronald Chao is more conscious of his links with the US and Europe where there are two sisters and one brother, and he is changing the emphasis of business decisions away from sentiment.

"If it was not for my father we would not be doing so much in China. As second generation Hong Kong people we do not always agree with him, but we respect him," he says.

After fleeing penniless to Hong Kong, the Chaos pioneered wool spinning and sweater knitting and Mr Chao says Novel is now one of the biggest companies in that business "in this part of the world."

Floated in 1987, Novel is more than 60 per cent owned by the Chaos. Sales of HK$2bn (US$256m) are expected in 1989-90. Profits have been hit by world conditions and Hong Kong's high labour costs, but Novel has suffered less than many of its competitors because of the way it has managed investment and used cheap labour in mainland China and elsewhere.

Last year it shipped 12m sweaters, 40 per cent of them produced in Hong Kong, 25 per cent in nearby Macao, and 20 per cent in both China and Mauritius (where it has gone for export quota reasons).

Its first 1979 joint venture was in Zhuhai, now a small special economic zone next to Macao. "We were the first there when China didn't even have a word for compensation trade," says Mr Chao. "It was a deal made at a banquet in Peking by my father during a discussion on how to increase China's exports."

Now there are 10 or more joint ventures and processing factories stretching from other parts of Guangdong to Shanghai, Xiamen and Manchuria. In the special economic zone of Shenzhen adjacent to Hong Kong a US$30m dyeing and finishing plant is being built as joint venture with Japan.

Other ventures in China are run by subsidiaries of the family's other major business interest, the privately owned K.P. Chao. They include stakes in hotels in Shanghai and Peking, two television tube projects with Philips and Toshiba in Nanking and Shanghai, and other chemicals, pharmaceuticals, trading and technological developments.

But the highest profile pro-Peking move came in 1985 when the Chaos started HKMII to boost investment in Hong Kong. The colony's confidence was at a low point and they were joined by other top entrepreneurs, all at the behest of Peking.

Tylfull, the company taken over yesterday by Citic, was spun off and Dragonair was started (with the Chaos in charge) as a Hong Kong Chinese venture to challenge the British-owned Cathay Pacific.

But the politically influential Swire family which controls Cathay Pacific fought back much harder than had been expected against the local Chinese. "They floated Cathay to give it Hong Kong colour and then Citic invested in Cathay as well," says Mr Chao ruefully. The government was persuaded to adopt a "one route, one airline" policy, which blocked Dragonair from international expansion, and even an injection of Sir Y.K. Pao's money and influence failed to improve prospects.

That situation lasted until late last year when, after months of behind-the-scenes talks involving all the participants, Sir Y.K. sold out and the Chaos temporarily enlarged their holding till this week's deals were ready.

So where does the family go now? Mr Chao says part of its wealth is being invested in assets abroad "for a rainy day" – a euphemism for 1997 and afterwards.

"We want diversification outside Hong Kong but we also want to be where we can get the best returns and Hong Kong is still the best for that."

Elders Resources bids for rest of Oakbridge

By Chris Sherwell in Sydney

ELDERS Resources NZFP, the resources affiliate of Elders IXL, yesterday announced an unconditional cash bid for Oakbridge, the coal mining group in which it already has a 49 per cent stake.

The bid, at 80 cents a share, values the company at more than A$180m (US$142m), and Elders Resources says the aim of the larger investment is to give it an incentive to help Oakbridge compete.

"Oakbridge now needs access to greater financial muscle and a broader marketing base to realise its potential," Mr Geoff Lord, chief executive, said in a statement yesterday.

That could be achieved by strengthening the link with Elders Resources, he said, which was committed to taking part in the rationalisation of the New South Wales coal industry.

He pointed out that Oakbridge and the Australian coal industry had gone through an uncertain period. "The key problems of an unfavourably high Australian currency, high rail freight charges and the maintenance of current buoyant coal prices remain."

The offer is being made through NZFP Holdings, a subsidiary, and is not subject to any minimum acceptance condition. The bid will be funded from "monies held on deposit for this purpose."

Oakbridge operates a number of general purpose coal mines in the Lithgow area some 85 miles west of Sydney. Last year it acquired Elders Resources' coal interests in the nearby Hunter Valley, a consolidation which gave it an annual capacity of almost 10m tonnes of coking and steaming coal.

Shiprepairer to raise S$100m in Japan

KEPPEL, the Singapore shiprepairer, is to raise more than S$100m (US$55.4m) by a private placement of shares in Japan representing 4.5 per cent of its expanded equity, Our Financial Staff writes.

US$100,000,000

MARINE MIDLAND BANKS, INC

FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999

For the three months 19th January 1990 to 18th April 1990 the Note will carry an interest Rate of $8\frac{9}{16}$ per cent per annum with a Coupon amount of US$214.06 per US$10,000. Interest payment date 19th April 1990.

HONGKONGBANK LONDON LIMITED
INTEREST DETERMINATION AGENT

Correction Notice to Noteholders

Prospect International High Income Portfolio N.V.

Up to U.S. $82,500,000 Senior Floating Rate Notes due 1998
(of which U.S. $41,250,000 has been issued)

Notice is hereby given that the Interest Rate for the period from 14th January, 1990 to 14th February, 1990 is 8.55%. The Floating Rate Note Interest Amount payable on 14th February, 1990 is U.S. $7.36 per U.S. $1,000.

Bankers Trust Company, London Agent Bank

Den Danske Bank AF/1871 AS

¥4,000,000,000

Floating Rate Notes Due 1994

Notice is hereby given that the Rate of Interest for the Interest Period from 19th January, 1990 to 19th July, 1990 is 6.80% per annum.

Interest payable on 19th July, 1990 will amount to ¥337,205 per ¥10,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

NMB POSTBANK GROUP

Nederlandsche Middenstandsbank nv

and

Postbank N.V.

have merged to form

NMB Postbank Groep N.V.

The undersigned acted as financial adviser to Nederlandsche Middenstandsbank on its merger with Postbank

S.G.Warburg & Co. Ltd.

January 1990

This announcement appears as a matter of record only

NMB POSTBANK GROUP

NMB Postbank Groep N.V.

Offer of
28,000,000 Ordinary Shares to bearer
of NLG 10.00 nominal amount each
at NLG 46.50 per Share
by
The State of The Netherlands

The undersigned acted as financial adviser to NMB Postbank Group in connection with the above international share offer

S.G.Warburg Securities

January 1990

This announcement appears as a matter of record only

December, 1989

KYMMENE CORPORATION

US$200,000,000
Multicurrency Term Loan

Arranged by

Scandinavian Bank Group plc

Underwriters and Lead Managers

The Bank of Tokyo, Ltd.
BHF-Bank
Citibank, N.A./Citicorp Investment Bank Limited
Credit Suisse
Scandinavian Bank Group plc

Funds provided by

Scandinavian Bank Group plc
The Bank of Tokyo, Ltd.
Credit Suisse
The Nippon Credit Bank, Ltd.
Union Bank of Switzerland
BHF-Bank
Citibank Oy
The Mitsubishi Bank, Limited
Swiss Bank Corporation

Agent Bank
Scandinavian Bank Group plc

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It is not an invitation to subscribe for or purchase any shares. Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of Euromoney Publications PLC (the "Company") to be admitted to the Official List. Dealings are expected to commence on 22nd January, 1990.

EUROMONEY

Euromoney Publications PLC
(Incorporated and registered in England and Wales with Registered No. 954730)

Placing of 1,000,000 Ordinary Shares at 350p per share
by
Merrill Lynch International Limited

SHARE CAPITAL

Authorised		*Issued and fully paid*
22,050,000	Ordinary Shares of 1p each	20,130,791

The principal activity of Euromoney Publications PLC is the provision of knowledge about international finance, capital markets, banks, companies and institutions through its magazines, books, directories, databases, screen services, seminars, sponsored conferences and training institutes.

Particulars of the Company are available through the Extel Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 2nd February, 1990 from the addresses set out below and during usual business hours on 22nd and 23rd January, 1990 from the Company Announcements Office, The International Stock Exchange, 46 Finsbury Square, London EC2 for collection only.

Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Euromoney Publications PLC
Nestor House
Playhouse Yard
London EC4V 5EX

Dated: 19 January, 1990

GT APPLIED SCIENCE FUND LIMITED

Registered Office:
Bank of Bermuda Building,
6 Front Street,
Hamilton HM11, Bermuda

Please be advised that the Directors of the above Fund have determined that dealings in the shares of the Fund be resumed with effect from 16th January 1990.

David T. Smith
SECRETARY

For further information please contact:
G.T. Management PLC,
8th Floor, 8 Devonshire Square,
London EC2M 4YJ
Tel: 01-626 4741. Telex: 8952069
Facsimile: 01-626 6198

G.T. Management PLC is a member of IMRO

TSB Hill Samuel Bank Holding Company plc
(Formerly Hill Samuel Group plc)

US$100,000,000
Floating Rate Notes due 2016

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 19th January, 1990 to 19th July, 1990 the Notes will carry a Rate of Interest of 8⅞% per annum and that the interest payable on the relevant Interest Payment Date, 19th July, 1990 will amount to US$446.22 per US$10,000 Note and US$11,155.38 per US$250,000 Note.

Agent Bank
Morgan Guaranty Trust Company of New York
London

CREDIT D'EQUIPEMENT
DES PETITES ET MOYENNES ENTREPRISES

up to U.S. $200,000,000
Guaranteed Floating Rate Notes
Due 1996

For the six months 17th January, 1990 to 17th July, 1990 the Notes will carry an Interest Rate of 7¾% per annum and Coupon Amount of U.S. $311.72 per U.S.$8,000 Note, payable on 17th July, 1990.

Bankers Trust Company, London
Agent Bank

GROUPE SEB

CALOR. ROWENTA. SEB. TEFAL

1989 CONSOLIDATED SALES

Preliminary sales - FF million	1989	89/88
- FRANCE	2,562	+ 11 %
- ABROAD	4,116	+ 46 %
TOTAL	6,678	+ 30 %

Without Rowenta, net sales increased by 13% (+ 1.5 % in France, + 26 % abroad).

INSPECTORATE INTERNATIONAL FINANCE N.V
US$ 75,000,000

3⅛% Guaranteed Bonds due 1993 with Warrants attached to purchase Bearer Participation Certificates of

ADIA S.A.

ADJUSTMENT OF EXERCISE PRICE

Notice is hereby given that as a result of the extraordinary distribution related to the merger Inspectorate International Ltd. with Adia S.A. which became effective on December 4, 1989, the exercise price of old Sfrs. 348.– has been adjusted to new

Sfrs. 336.– effective December 19, 1989

January 1990
EC No. 18729

SWISS BANK CORPORATION, Basle
as Fiscal and Warrant Agent

FOOD INDUSTRY

The Financial Times proposes to publish this survey on:

6th March 1990

For a full editorial synopsis and advertisement details, please contact:

Jonathan Wallis
on 01-873 3565

or write to him at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Manufacturers Hanover Corporation
U.S. $100,000,000
Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Notes will carry an interest rate of 8½% per annum for the period 17th January, 1990 to 17th April, 1990 with a coupon amount of U.S. $212.50 for the U.S. $10,000 denomination and U.S. $5,312.50 for the U.S. $250,000 denomination and will be payable on 17th April, 1990 against surrender of Coupon No. 19.

Bankers Trust Company, London Agent Bank

INTERNATIONAL CAPITAL MARKETS

CFTC boost for futures trade in UK stock indices

By Deborah Hargreaves

THE Commodity Futures Trading Commission has said it will allow US institutions to use futures contracts on UK stock indices as part of a no-action clause agreed by the US futures and securities regulators.

The CFTC's action paves the way for greater US involvement in the futures contract on the FT-SE 100 index which trades on the London International Financial Futures Exchange.

Greater US participation in the contract could account for around a 10 per cent increase in activity, some traders estimate.

Activity on the FT-SE 100 futures has seen rapid growth in the past year on the back of more foreign interest. The contract's volume increased by over 100 per cent last year to just over 1m lots.

Liffe, along with several UK brokerage firms, has been lobbying hard for the US regulators to recognise UK stock indices in a bid to sell them to US customers. Foreign stock indices and debt futures require special arrangements before they can be marketed in the US.

The CFTC and Securities and Exchange Commission approve foreign stock indices for use if they can satisfy certain broad criteria: if they are broad-based and if they are not susceptible to manipulation. US institutions are not allowed to trade Japanese stock indices.

The CFTC move was given an enthusiastic welcome in London and several brokers said they would increase their marketing efforts in the US as a result.

Mr David Burton, chairman of Liffe, said it was extremely welcome news. "It will allow US investing institutions, in particular US pension funds, to use Liffe's FT-SE 100 index futures contract in their investment strategies for the first time."

LIT completes sale of stake in Levitt Group

By Deborah Hargreaves

LIT HOLDINGS, the UK-based futures and finance group, announced yesterday it completed the sale of its 33 per cent stake in the Levitt Group back to Mr Roger Levitt for £16m.

The sale comes just months after LIT acquired its stake in Levitt for £17m ($28m) in October last year and follows a restructuring of LIT by its new chairman, Mr Christopher Castleman.

LIT's subsequent purchase of Johnson Fry at the end of last year had given the group a presence in the personal finance market.

Mr Roger Levitt says he plans to increase the group's presence in New York after expanding in Europe. LIT is restructuring its recent acquisitions in a bid to streamline the company and improve its market image.

Bank Julius Baer profits jump 21%, payout lifted

By William Dullforce in Geneva

BANK JULIUS BAER, Zurich, reports a 21 per cent jump to SFr44.7m ($29.6m) in 1989 net earnings. It plans to celebrate its centenary this year by raising the dividend to Baer Holding, its parent, from 19.5 per cent to 23 per cent.

Consolidated net earnings of the Julius Baer group climbed by 23 per cent to SFr60m with cash flow advancing by 26 per cent to SFr102m.

Baer Holding, whose fiscal year ends on March 31, also expects to report a considerably higher net profit than the SFr28.1m posted for 1988/89. The holding company raised the shareholders' dividend from SFr180 to SFr190 per bearer share and from SFr36 to SFr38 per registered share on the 1988/89 account.

Bank Julius Baer, which specialises in private banking, said all its activities contributed to the good 1988 result. Cash flow improved by 27 per cent to SFr81m while the balance sheet total rose by 8 per cent to SFr4.2bn. Capital and reserves amounted to SFr362m at the end of the year.

During 1988 the bank bought 40 per cent of Banco Espanol de Credito's investment subsidiary in Madrid and set up a wholly owned subsidiary in Frankfurt. Banesto acquired 1,500 bearer shares in Baer Holding, equivalent to 1.3 per cent of the total capital.

In addition, Baer Holding formed Julius Baer Atlantic, a company specialising in mergers and acquisitions with offices in Zurich, New York and London.

Total assets of the Julius Baer group climbed by 9 per cent to SFr5.5bn with capital and reserves advancing from SFr494m to SFr535m.

Pemex to tap overseas lenders

By Richard Johns in Mexico City

PETROLEOS Mexicanos (Pemex) plans to return to the international capital markets to raise funds for development, according to an official of the state oil corporation.

If and when it does so, Pemex would be the second Mexican public sector entity to do so following the $100m bond issue in June last year by Banco Nacional de Comercio Exterior.

In March, Pemex renewed for the fourth time two lines of credit dating back to 1979, one of $3bn subscribed by 80 banks headed by Bank of America and another for £219m managed by Rothschilds and Barings owed to 40 banks.

Altogether its total exernal debt is about $16bn of which the medium-term component is included in the Government's accord with the commercial banks on the rescheduling and reduction of $48bn worth of bank loans.

Despite the fiscal demands upon Pemex made by the Government, foreign bankers here believe that any move by the company to issue new instruments abroad would be well received by the market.

At home Pemex has just broken new ground with the issue of novel new debt instrument. An initial issue has been authorised by the Comision Nacional de Valores, Mexico's securities and exchange authority, for 500bn pesos ($188m) worth of the commercial paper.

The first tranche of 150bn pesos offered this week "to test the market" and was taken up immediately.

Their yield is determined by the difference between the nominal value and the placement price plus the payment of interest every 28 days at the highest rate on the market.

Investors to take over at Homey Group

By Peter Wickenden in Taipai

HOMEY GROUP, Taiwan's largest unlicensed investment house, says the majority of its investors want it to continue in business, and that an investors' committee is to be formed to take over the company's management.

Homey, which has took on board billions of dollars in deposits from more than 100,000 investors, admitted that it had a serious cash flow problem, after last weeek freezing all withdrawals, interest payments and staff salaries.

Homey's president, Mr Shen Chang Sheng, said that the firm's fate was in the hands of the investors, and it could become either a legal institution or be wound up. After a meeting with investors, Homey agreed to pay interest at 1.4 per cent and close the door to new deposits.

Taiwan's Finance Minister Ms Shirley Kuo said that the Ministry had on 11 occasions asked the investigation bureau to probe the Homey Group's deposit-taking activities.

Chile authorises $50m foreign investment fund

By Barbara Durr in Santiago

A NEW foreign investment fund for up to $50m has been authorised by Chile. The fund is to be created by the equities arm of Banco Industrial y de Comercio Exterior partly owned by merchant banker N.M. Rothschild. Fund shares are to be traded on the London stock market.

This is the latest entry in a parade of some $600m worth of foreign investment funds for Chile. They are all destined for investment in Chile's small equity market. The funds only began to be authorised last August, but quickly gained steam after the initial $60m tranche of the Salomon Brothers' Chile Fund was quickly taken up by investors in Europe and the US last September. The full Salomon Brothers authorisation is for $200m and another tranche of the fund has been under consideration.

Late last year, two other Chile investment funds began to be traded in London. The Genesis Chile Fund aims to place $60m in Chile. And the $24m GT Chile Growth Fund also trades in London.

Air France finance

Air France, the state-owned airline, is to raise around FFr2.5bn ($435.6m) on capital markets to help finance the purchase of a majority stake in UTA. Details have not been finalised, Reuters reports.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 18

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅝ 96	750	98¼	98½	-0⅝	-1⅜	8.94
Alberta 9⅜ 95	600	102	102½	-0¼	-1⅜	8.84
Austria 9⅝ 93	140	†102⅛	102⅝	0	-0⅝	8.71
B.F.C.E. 8⅝ 94	175	98⅛	98½	-0⅜	-1⅛	8.83
B.F.C.E. 9¼ 95	150	101½	102	-0¼	-1	8.84
Brit. Tel. Fin. 9⅞ 98	250	101½	102	-0½	-1⅜	9.07
Canada 9 96	1000	101½	102	-0⅜	-1¼	8.61
C.C.C.E 9¼ 95	300	101⅜	102	-0⅜	-1¼	8.83
C.N.C.A 9⅝ 93	150	†100⅞	101⅜	0	-0⅝	8.98
Credit National 8¼ 93	200	†98½	99	-0⅛	-0⅝	8.68
Credit National 7⅝ 92	100	97	97½	-0⅛	-0⅛	8.73
Credit National 9½ 92	160	†101⅝	102⅛	-0⅛	-0⅝	8.74
Dai-Ichi Kan 9⅝ 92	150	101¼	101⅝	-0⅛	-0⅝	8.93
Denmark 8¼ 94	150	†97	97½	-0½	-1⅛	8.98
E.E.C. 7 91	100	96⅞	97⅜	-0⅛	-0⅜	8.71
E.E.C. 10 93	140	†103⅛	103⅝	0	-0⅜	8.72
E.I.B. 8½ 99	150	96⅛	97⅛	-0⅜	-1⅜	8.98
Eurofima 10⅛ 93	100	†103⅛	104	0	-0⅝	8.70
Elec. De France 9 98	200	100	100½	-0½	-1¼	8.95
Elec. De France 9½ 99	250	†102⅛	103	0	-1⅛	9.02
Finland 9 96	250	†100½	101	-0⅛	-1	8.82
Finn. Exp. Cd. 8½ 92	200	99	99½	-0⅛	-0⅝	8.87
Finn. Exp. Cd. 9⅝ 95	200	†101½	102	-0½	-1⅛	8.96
Ford Motor Credit 8 91	250	†98⅞	99⅛	-0⅛	0	8.88
Gen.Elec.Cap.Corp. 9 93	500	†100⅛	100⅝	-0⅛	-1⅛	8.79
Gen.Elec.Cap.Crp.10 1/2 91	300	†101⅛	101⅝	-0⅛	-0⅛	9.02
G.M.A.C. 8⅛ 94	500	†97⅞	98⅛	-0⅛	-1	9.23
G.M.A.C. 9⅝ 96	300	98⅝	99⅛	-0⅜	-1⅛	9.22
Gen.Mtrs.Corp. 9⅛ 92	200	100⅛	100⅜	-0⅛	-0⅛	8.85
IBM Credit Corp. 8⅝ 92	400	99⅛	99⅝	-0⅜	-0⅝	8.76
IBM Credit Corp. 8⅞ 92	250	99⅝	100⅛	-0⅛	-0⅛	8.91
IBM Credit Corp. 9 92	250	100⅛	101	-0⅛	-0⅛	8.67
IBM Credit Corp. 9½ 92	250	101⅛	101½	0	-0⅝	8.80
Italy 8½ 94	1500	98½	98⅞	-0⅛	-1⅛	8.85
Italy 9½ 95	1000	102⅛	103	-0⅛	-1⅛	8.86
Italy 9⅝ 99	1000	103⅛	103⅝	-0⅛	-1⅛	9.08
Itoh C. W/W 4⅝ 94	1000	†110⅛	111⅛	+0⅛	-4⅛	2.06
Japan Dev. Bank 10 96	200	104⅛	105⅛	-0⅛	-1⅛	8.94
KFW Intl. Fin. 9 94	300	100⅛	100⅝	-0⅛	-1⅛	8.87
L.T.C.B.of Japan 9⅛ 92	200	100⅛	100⅜	-0⅛	-0⅛	9.01
New Zealand 9 94	850	99⅛	99⅝	-0⅛	-1⅛	9.15
Nippon Tel.&Tel. 9⅞ 98	250	101⅛	102⅛	-0⅛	-1⅛	9.05
Norway 8¼ 93	500	100	100½	-0⅛	-0⅝	8.64
Portugal 8½ 91	300	†98⅝	99⅛	-0⅛	-0⅛	9.25
Sumitomo Corp. W/W 4 93	1500	†117⅛	118⅛	-0⅛	-5⅛	-1.17
Sweden 8¼ 96	200	99⅛	99⅝	-0⅛	-1⅛	8.85
Toyota 9⅛ 91	200	100⅛	101⅛	-0⅛	-0⅛	8.89
Toyota Mtr.Corp. W/W 4 93	1500	†102⅛	104	-0⅛	-2	2.97
Victorian Rep 11⅛ 95	150	†104⅛	104⅝	-0⅛	-0⅛	9.35
World Bank 8⅛ 99	1500	97⅛	98⅛	-0⅛	-2⅛	8.68
World Bank 9 97	300	100⅛	100⅝	-0⅛	-1⅛	8.91
World Bank 9 93	300	†101⅛	101⅝	+0⅛	-0⅛	8.49
World Bank 9⅛ 98	300	101⅛	101½	-0⅛	-2	9.83
World Bank 9⅝ 99	500	103⅛	104	-0⅛	-1⅛	9.88
World Bank 9⅝ 96	300	†103⅛	103⅝	-0⅛	-1½	8.95

Average price change... On day -0⅛ on week -1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	90⅞	91⅜	-0⅛	-0⅛	8.27
Austria 6½ 99	750	†91¼	91¾	-0¼	-0⅝	8.08
Bk.Frgn.Econ.USSR 7 96	750	*91½	92½	0	0	8.71
Bank of Tokyo 5½ 93	100	93¼	93¾	-0½	0	8.19
Commerzbank o/s. 5½ 93	300	93¾	94¼	-0⅛	0	7.76
Credit Foncier 6½ 99	500	†91⅛	91½	-0¼	-0⅛	9.15
E.I.B. 6¼ 99	600	87⅞	88⅛	-0¼	-0⅛	8.16
E.I.B. 6½ 99	300	†91⅛	92¼	-0¼	-2⅛	7.75
E.I.B. 6⅝ 96	600	94¼	94⅜	-0¼	-0⅛	7.76
E.I.B. 6⅞ 95	300	94½	95	0	-1⅛	8.03
Euro.Coal& Steel 5⅞ 97	175	87⅞	88⅜	-0¼	-0⅛	8.15
Eurofima 6¼ 96	100	92¼	92¾	+0⅛	-0⅛	7.77
Elec De France 5⅛ 97	300	87	87½	-0⅛	-2⅛	8.09
Hydro-Quebec 6⅛ 99	300	†91	91½	-0⅛	-0⅛	8.13
Japan Dev. Bk. 5⅛ 95	300	†87⅛	88⅛	0	-0½	8.26
Japan Finance 5⅞ 97	100	86⅞	87⅛	-0⅛	-0⅛	8.24
I.A.D.B. 7⅛ 99	300	94⅛	94⅜	-0¼	-0⅛	8.09
Ireland 6½ 97	300	90⅛	90⅜	-0⅛	-0⅛	8.28
Ireland 7⅛ 99	500	93⅛	94⅛	-0⅛	-0⅛	8.18
Malaysia 6⅛ 94	150	96⅛	96⅝	-0⅛	+1½	7.18
Nat. West BK. PLC 6 98	300	†87½	88	-0⅛	-0⅛	8.08
Nippon Telg.&Tel. 6 95	400	†90⅞	91⅜	-0⅛	-2	6.72
Oesters. Kontbk. 5 93	300	91⅞	92⅛	+0⅛	-0⅛	8.07
Portugal 5½ 92	150	94⅛	94⅜	-0⅛	-0⅛	8.21
Portugal 6⅛ 95	150	93½	94	0	0	8.05
Privatbanken 5⅛ 93	150	91⅜	91⅞	0	-0½	8.41
Royal Insurance 5½ 92	300	94	94½	+0¼	0	8.42
Turkey 6½ 95	500	†90⅛	91	-0⅛	-0⅛	8.74
Union Bk.Finland 5½ 94	200	†91	91½	-0⅛	-0⅛	8.15
World Bank 6 98	500	†86⅛	86⅝	-0¼	-0⅛	8.17
World BK. 6⅛ 97	600	89⅝	90⅛	-0⅜	-1⅛	9.10
World Bank 6⅛ 99	600	91	91⅜	-0⅛	-0⅛	8.09

Average price change... On day -0¼ on week -0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†86½	87	+0⅛	+0¼	7.64
Asfinag 5 03	100	†81½	82	0	-0½	7.14
B.F.C.E. 4½ 98	200	†84¼	84½	-0⅝	0	7.00
B.M.W.Fin.Neth. 5 13	150	†80	80⅛	0	+0¼	6.71
Britannia B/S. 4⅛ 94	100	†83	84	+1¼	-1	8.94
CIR. Int. W/W 3 93	125	*†86⅛	86½	0	+1	7.66
Credit Lyonnais 4⅛ 00	100	†78½	79⅛	-0⅛	-3⅛	7.77
E.I.B 4⅝ 98	150	†83	84	-0¼	0	7.31
Finn. Exp. Cd. 8¼ 92	75	†99	99⅛	+0⅛	+0⅛	8.54
Fletcher Chall. 4⅞ 98	150	†74	74⅛	-0⅛	-2⅛	9.55
I.A.D.B. 6 2004	200	†90	90½	-0⅛	-2⅛	7.09
Kobe City 4⅞ 98	150	†82⅛	83	+0⅛	-1⅛	7.46
Leeds Perm. B/S. 4⅛ 93	200	†87⅛	88	-0⅛	0	8.61
Malaysia 5⅛ 98	100	†81	82	+0⅛	+1⅛	8.38
Maxwell Comm.Crp. 5 95	150	†83	84	+0⅛	+0⅛	8.97
Nat. Bk. Hungary 5½ 94	75	†88	90	0	0	8.31
Nationwide Ang.B/S. 4 93	200	†86⅛	87	+0⅛	-3⅛	8.68
Prov. Newfoundland 5 03	150	†80	81	-0⅛	-1⅛	7.27
Thailand 4⅛ 95	200	†82	82	-0⅛	+0⅛	8.64
World Bank 5 03	150	†81½	82½	-1⅛	-2⅛	7.11

Average price change... On day -0⅛ on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	99¼	99½	0	0	6.72
Canada 5⅝ 93	80	96⅛	96⅝	-0¼	-1	6.85
Eurofima 5 1995	20	91⅛	91⅞	0	-1⅛	6.95
E.I.B. 4⅞ 93	30	94½	94⅞	-0⅛	-0¼	6.84
Ireland 5⅛ 93	30	93⅞	94¼	+0⅛	-0½	7.23
Norway 5½ 95	50	92½	92⅞	-0⅛	-1⅞	6.85
Sweden 4⅝ 93	50	93⅝	93⅞	-0⅛	-0¼	6.78
World Bank 5⅛ 98	10	†90⅛	90⅝	-0⅛	-1⅛	6.67
World Bank 7 94	20	100⅛	100⅝	0	-1⅛	6.81

Average price change... On day -0⅛ on week -0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10⅛ 94 C$	150	96½	97	+0⅛	0	11.15
Abbey Nat. 11⅛ 93 £	100	94⅛	94⅝	-0⅛	-1¼	14.01
Aegon 7⅛ 92 FL	100	98⅛	99⅛	-0⅛	-0½	7.98
Alg. Bk. Ned. 5⅛ 93 FL	200	92⅛	92⅛	-0½	-0⅛	8.55
Austria 7½ 94 ECU	100	†90⅞	91⅛	0	-1⅛	10.19
Barclays Aus.13½ 91 A$	100	97	97½	0	-0⅝	15.29
Belgium 8⅛ 94 Ecu	150	92	92⅛	-0⅛	-1⅛	10.57
Bell Canada 10⅞ 04 C$	200	99½	100⅛	-0⅛	-1⅛	10.89
BP Capital 9⅛ 93 £	100	90	90½	-0⅛	-1⅛	13.63
British Airways 10 98 £	100	86⅛	87	-0⅛	-1½	12.72
Brit. Telecom 9½ 93 £	150	90⅛	90⅝	-0⅛	-0⅛	13.31
Comm.Bk.Aust. 12⅛ 93A$	100	†93⅛	93⅞	0	-0⅛	15.11
Comm. Bk.Aus.13⅛ 94 NZ$	60	103½	104½	-0⅛	+0⅛	12.49
Credit Foncier 9 96 Ecu	100	94⅝	95⅛	0	-1⅛	10.09
CrLocalFrance 9¼ 92Ecu	100	97⅛	98	-0⅛	-0⅛	10.36
Deut.Bk.Aus. 13⅛ 93 A$	125	98⅛	99	0	-0⅛	13.69
Deutsche Bk.Fin. 15 94 A$	100	102⅛	103⅛	+0⅛	-0⅛	13.96
Elec.De France 9⅛ 99C$	150	93⅛	94⅛	0	-0⅝	10.76
E.I.B. 7 96 LFr	100	*†94⅛	95⅛	0	+0⅛	8.02
E.I.B. 7⅛ 99 FL	150	91⅛	91⅝	-0½	-0⅛	8.42
E.I.B. 9 99 Ecu	150	94⅛	94⅝	-0⅝	-2⅛	9.94
Eurofima 7⅛ 94 Ecu	100	91⅛	91½	0	-1⅛	10.39
Export Dv.Crp.8⅛ 92Ecu	100	96⅛	96⅝	-0⅛	-0⅛	10.51
Fed.Bus.Dv.Bk. 9 94 Ecu	100	94⅛	95⅛	-0⅛	-1⅛	10.43
Fed.Bus.Dv.Bk.9⅛ 92 C$	75	†97⅛	97⅞	+0⅛	+0⅛	10.88
Ferrv. Stato 7⅛ 93 Ecu	100	91½	92	0	-0⅛	10.76
Ford Cr.Can.10⅛ 93 C$	100	†99	99½	0	+0⅛	11.03
Ford Cred.Can.10⅞ 96C$	125	98⅝	99⅛	0	-0⅛	11.12
Ford Cred.Fund.10⅛ 93£	60	92⅛	92⅝	-0⅛	-1⅛	13.35
G.M.A.C.Canada 11 3/4 94C$	100	101⅛	101⅝	0	-0⅛	11.29
Heineken 7⅝ 94 FL	150	98½	99	-0⅛	-0⅝	7.87
Hydro-Quebec 11 99 C$	400	100⅛	100⅞	+0⅛	-0⅛	10.86
Lloyds Bank 10⅛ 98 £	150	87½	88⅛	-0⅛	-1½	12.74
Lloyds Bank 11⅛ 98 £	100	91⅛	91⅝	-0⅛	-1⅛	13.08
Montreal Tst.10⅛ 93 C$	100	†97⅛	97⅝	0	-0⅛	11.56
Nat. Aus. Bk. 14⅛ 94A$	100	99⅛	100⅛	+0⅛	-0⅝	14.76
New Zealand 9½ 93 £	100	89⅛	90⅛	-0⅛	-1	13.47
O.E.K.B. 10⅛ 99 C$	150	96½	97	0	-0⅝	10.79
Royal Bk.Scot.10⅛ 98 £	125	†89⅛	90	-0⅛	-1⅛	12.74
Saskatchewan 10⅛ 93 C$	200	97⅛	98⅛	0	+0⅛	10.93
State Bk.NSW. 13⅞ 93A$	100	97⅛	98⅛	+0⅛	-0⅛	14.64
Sweden 7½ 93 Ecu	250	91⅛	91⅝	-0½	-1⅛	10.37
Sweden 15 94 A$	100	101⅛	102⅛	0	-0⅞	14.28
Toyota Mtr.Cr.10⅛ 94C$	150	97⅛	98	-0⅛	-0⅛	10.96
Toyota Mtr.Cr.11⅛ 92C$	150	100⅛	100⅝	0	+0⅛	11.05
World Bank 7⅝ 99 FL	300	91⅛	91⅝	-0⅛	-0⅛	8.44
World Bank 10⅞ 94 £	200	93½	94	-0⅛	-1⅛	12.71
World Bank 13⅛ 92 A$	100	102	102½	+0⅛	-0⅛	12.18
World Bank 14⅛ 94 A$	75	100⅛	101⅛	-0⅛	-1½	13.91
Zentrspk. 13⅛ 93 A$	75	†96⅛	97⅛	+0⅛	-0⅞	14.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bid 94 £	.08	99.91	99.96	24/01	15.21
Bank of Greece 99 US	0⅛	99.48	99.58	8/03	9⅛
Belgium 91 US	0	100.10	100.20	21/02	8.81
Chelt.& Gloucester 94 £	.063	99.80	99.85	28/02	15.31
Credit Foncier 98 US	.063	99.86	99.96	20/04	8.31
Dresdner Finance 99 DM	.031	100.17	100.27	28/01	8.16
EEC 3 92 DM	0	100.18	100.28	22/02	6⅛
Halifax BS 94 £	.1	100.01	100.07	9/02	15.16
Invt. In Industry 94 £	0⅛	99.95	100.05	17/01	15.19
Leeds Perm. B/S. 94 £	0⅛	100.03	100.08	15/01	15.37
Milk Mkt.Brd. 5 93 £	0⅛	99.88	99.93	29/03	15⅛
New Zealand 5 97 £	.07	100.01	100.11	22/02	15⅛
Northern Rock 92 £	0⅛	99.85	99.90	20/01	5⅛
State Bk. Nsw. 98 US	.188	100.05	100.15	11/02	8.81
Woolwich Equit.BS. 93 £	0⅛	99.98	100.03	15/01	15.37
Woolwich 5 95 £	0⅛	99.98	100.04	22/02	15.31

Average price change... On day +0.01 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02 US	8/87	62.	111⅛	112⅛	-6⅛	3.60
Amer. Brands 7⅛ 02 US	9/87	56.7	115⅛	116⅛	-1⅛	0.99
CBS, Inc. 5 02 US	14/87	200.	95⅛	96⅛	-0⅛	9.71
Dai-Ichi Kan. 3⅛ 04 US	7/89	3486.	92⅛	93⅛	-1⅛	8.78
Primerica 5½ 02 US	14/87	66.75	74⅛	75⅛	+0⅛	75.07
Eng. China Clay 6½ 03 £	9/88	4.8	94⅛	95⅛	-0⅛	4.15
Fujitsu 3 99 US	5/84	1106.	206	206⅛	-4⅛	-3.23
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	102	103	+0⅛	12.31
Land Secs. 6⅛ 02 £	6/87	6.72	88⅛	89⅛	-0⅛	15.18
Minolta Camera 2⅛ 94DM	12/86	1004.	106⅛	108	-0⅛	7.43
MCA Inc 5½ 02 US	19/87	69.62	97⅛	98⅛	-0⅛	17.64
Mitsubishi Bk. 3½ 04US	5/89	3266.	86⅛	87⅛	-1⅛	1.59
Next Plc 5⅛ 03 £	11/87	4.3	96	97	-0⅛	323.02
[illegible]	4/88	804.	136⅛	137⅛	-4	-6.82
[illegible]	10/89	28.	103⅛	104⅛	-0⅛	14.62
[illegible]	4/87	1310.	273	275⅛	-1⅛	-1.10
Ranks Hovis 4⅛ 03 £	1/88	3.5	123⅛	124⅛	-0⅛	-8.13
Redland 7⅛ 02 £	1/87	5.4	108⅛	109⅛	-0⅛	0.90
Saatchi&Saatchi 6⅛ 03 £	10/89	4.41	85⅛	86⅛	0	58.03
Silicon Graphics 8 04 US	6/89	23.18	127⅛	128⅛	+0⅛	5.03
Sumitomo Bank 3⅛ 04 US	2/89	3697.	81	82	-0⅛	6.93
Texas Ins. 2⅛ 02 US	9/87	82.87	78	78⅛	-0⅛	82.30
Utd.N'papers 8 04 £	10/89	8.77	119⅛	120⅛	-0⅛	138.84
W.R. Grace 6½ 02 US	9/87	42.12	91⅛	92⅛	-0⅛	27.77

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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INTERNATIONAL CAPITAL MARKETS

Hints of tight monetary policy hit US Treasuries

By Janet Bush in New York and Martin Dickson in London

THE YIELD on the benchmark long bond yesterday jumped to its highest level since June 1988 as the market reacted to hints from two influential US Federal Reserve governors that they would not support any further easing in monetary policy.

GOVERNMENT BONDS

At midsession, the long bond was quoted 1½ point lower to yield 8.32 per cent, having stood a full point lower earlier. Short-dated maturities were quoted as much as ⅛ point lower. The comments about monetary policy came from Mr Wayne Angell – which were in fact made a week ago – and Mr Manuel Johnson, vice chairman of the Federal Reserve Board. Both governors, who have been at the forefront of previous easing moves, suggested that they did not anticipate a recession and both cited the recent rise in long bond yields as an indicator that the market is in the grip of inflation fears.

Their remarks were interpreted as hints that they no longer supported another downward move in interest rates. Their comments dominated the mood of the bond market which virtually ignored yesterday's economic news which should have been encouraging for Treasuries.

The Consumer Prices Index rose by 0.4 per cent in December, the same gain as in November and slightly lower than forecast. Housing starts fell 8 per cent in December, having declined by a revised 5.7 per cent in November. The White House called on the Fed to ease interest rates in response to these figures which it said showed economic weakness and steady inflation.

Clearly, the rise in bond yields suggested the market believes the Fed will not heed this call. The apparent end to the easing process lifted the dollar to highs of Y146.15 and DM1.7120, prompting reports that the Fed intervened to push the US currency lower.

■ Other major world government bond markets yesterday continued their downward slide of the past two weeks on fears of rising inflation and interest rates.

In Britain, the general international bond market gloom intensified domestic concern over inflationary wage pressures and the benchmark Treasury stock due 2003/07 ended the day at 105⅞, down 1⅛, for a yield of 10.91.

In the futures market, the March long gilt contract fell to a new low in early trading and ended the day at 87.24, against an overnight level of 88.13, a high of 88.06 and a low of 87.16.

The release of statistics showing unemployment and average earnings figures in line with expectations failed to stem the bearish pressures, nor did news that workers at a plant run by Ford – which is embroiled in a pay dispute – had called off an unofficial strike.

Meanwhile, the London International Financial Futures Exchange has announced that it is halting trading in medium and short term gilts futures with immediate effect because of minimal trading activity.

■ West German government bonds followed Japan's overnight lead to begin on a weak note and fall further, with a thin cash market being led by heavy volume in futures, where the Liffe March contract saw over 51,000 contracts struck.

Analysts were unable to attribute the downward slide to any particular new factor. Reasons cited included fears of tigter domestic credit policies, the general bear trend around the world,continuing concern over developments in the Sovet Union and some short covering later in the day.

The federal government's 7¼ January 2000 bond was fixed at 97.10, down from 97.57 on Wednesday, and in late trading was quoted at 96.90, for a yield of 7.706 per cent.

■ The French bond market proved more resilient than other centres, with the OAT 8¼ of May 1999 clsoing at 91.30,, down 28 cents, for a yield of 9.55. Factors cited included better than expected trade figures. The yield differential at 10 years against West Germany has now shrunk to around 180 basis points.

■ Japanese government bonds fell sharply in Tokyo on rumours that money supply figures, due to be released today would be very poor, possibly showing double-digit growth, and that this would prompt a further increase in the discount rate. The rumours also suggested this would be followed by a West German rate increase.

Some analysts felt it unlikely that there would be another rate increase ahead of February's elections, but the benchmark 119 bond closed in Tokyo with a yield of 6.845, compared to 6.635 on Wednesday. In late trading in London the bonds were quoted at 6.92.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	93-19	-15/32	12.62	12.18	11.87
		10.500	5/99	95-13	-21/32	11.30	10.92	10.71
		9.000	10/08	89-06	-22/32	10.21	9.98	9.72
US TREASURY *		7.875	11/99	97-05	-22/32	8.19	8.02	7.80
		8.125	8/19	97-24	-29/32	8.24	8.10	7.85
JAPAN	No 111	4.800	6/99	87.9060	-1.548	6.93	6.20	5.58
	No 2	5.700	3/07	92.4580	-1.256	6.83	6.03	5.47
GERMANY		7.125	12/99	96.1000	-0.700	7.71	7.53	7.18
FRANCE	BTAN	8.000	10/94	91.9830	-0.065	10.18	10.19	9.74
	OAT	8.125	5/99	91.3000	-0.280	9.55	9.52	9.14
CANADA *		9.250	12/99	95.9500	-0.600	9.88	9.75	9.53
NETHERLANDS		7.250	7/99	92.6200	-0.330	8.39	8.17	7.76
AUSTRALIA		12.000	7/99	94.5500	-0.155	13.02	12.93	13.07

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Spep plans to issue shares with warrants

By George Graham in Paris

SOCIETE Parisienne d'Entreprises et de Participations (Spep), the principal holding company of France's Schneider group, plans to raise FFr887m ($155m) through an issue of shares with warrants, and to follow up with an issue of convertible bonds.

The group, which has interests ranging from construction to electrical engineering, plans a one for eight rights issue at a price of FFr500 a share, a discount of 17 per cent to its current price in the stock market. This will raise FFr622m.

Each share will carry one warrant, with three warrants entitling the holder to subscribe to one new share at a price of FFr640 before March 31, 1993. This could raise up to FFr265m more on exercise.

At the same time, Spep plans to launch a convertible bond issue, on conditions which have not yet been fixed.

Spep owns 60 per cent of Schneider, which in turn controls Spie Batignolles, the quoted construction company, Merlin Gerin, manufacturer of electrical distribution equipment, Jeumont Schneider, maker of electric turbines and transformers, and Télémécanique, the industrial automation specialist which it bought for FFr7.6bn after a lengthy bidding battle in 1988.

Schneider itself, which is forecasting 1989 net profits of FFr850m, issued a FFr2bn convertible bond last year, and Spep had to borrow heavily to take up its portion of these bonds.

Salomon Bros chief retires after 17 years

By Stephen Fidler

THE HEAD of European fixed income new issue and syndicate activities at Salomon Brothers, Mr Sheldon Prentice, has retired after 17 years with the firm.

Mr Prentice moved to London as manager of the European syndicate department in 1977, and was appointed to his current position in 1987. He will remain as a consultant.

CME seeks block trading go-ahead

By Deborah Hargreaves

THE CHICAGO Mercantile Exchange is trying to improve access for large traders to the futures market with a rule that strikes at the heart of the industry's set-up.

The CME has proposed a block trading rule for futures trades which is similar to the way large traders operate in the securities market.

In a submission to the Commodity Futures Trading Commission, the futures industry regulator, the CME proposed a block trading facility for orders of 300 lots or more in its Standard & Poor's 500 stock index futures contract.

The proposed rule comes in response to a wave of demand by big futures users that they have some way of making large orders without rocking the market.

There have been several initiatives aimed at developing block trading in the futures market, but exchanges have to be careful to get around rules that prohibit pre-arranged and upstairs trading.

The CFTC is generally keen to promote block trading initiatives, particularly in the wake of the 1987 stock-market crash where huge waves of orders swept down prices in Chicago.

The industry regulator has just closed a comment period on the block trading rule and now has six months to decide whether to pass it. But it has encountered much opposition from other market players – most notably the Chicago Board of Trade – which say the concept runs against the principles of open outcry on which the futures markets are based.

The CME has tried to make its block trading rule compatible with open outcry trading by requiring that once the trade is agreed, it must be offered to the relevant trading pit so that traders have the chance to make counter-offers on all or part of the order.

The order must be announced through an exchange official although the agreed price would not be disclosed to the trading pit. Once pit traders have had an opportunity to bid on the order, the rest of the order can be crossed upstairs as previously agreed.

The fact that the price is not disclosed enables the trader bringing the order to the pit to accept only those bids or offers at a price equal to or more favourable than he has already agreed.

The CME says the rule will meet the needs of its institutional clientele, particularly the managers of pension funds and mutual funds. It will help to minimise the impact of institutional trading on the marketplace which is increasingly becoming dominated by large players.

An intitiative to introduce sunshine trading at the New York Futures Exchange in 1987 was an earlier attempt to accommodate block trades in futures but the experiment never got off the ground as it required complete disclosure of the order size and price before it could be agreed upon.

The CME spent over two years working out how to provide a facility for block trades and at the same time, satisfy a need for openness in the market.

The CFTC, which is considering the issue carefully, is concerned that it does not lead to the development of a two-tier market where large traders will be able to obtain better prices.

But the agency has given a clear indication that it would like to see more flexibility in the futures market and not stand in the way of innovation.

Although the rule will initially be applied as a pilot programme in the exchange's S&P 500 futures pit – if it receives CFTC approval – the CME says it could apply in its currency and Eurodollar futures contracts if it is a success.

Soviet Union launches DM500m issue

By Stephen Fidler

THE SOVIET UNION braved both investor worries about ethnic unrest in the country and a weak West German bond market to bring its fourth D-Mark denominated Eurobond issue yesterday.

The DM500m issue for the

INTERNATIONAL BONDS

Bank for Foreign Economic Affairs of the USSR carried an 8⅞ per cent coupon, a five-year maturity and a par issue price. Even with the support of the lead manager, Westdeutsche Landesbank, the issue traded for much of the day below its 2 per cent fees. Hitting a low of less 2¾ during the day, it was bid at a discount of 2½ at the close, where it yields 9.53 per cent, compared with around 7.70 per cent on the 10-year Bund.

On the first day's trading, dealers said there appeared to be little interest in asset swapping, but some saw attractive possibilities – swapped into floating rates, the bonds could yield 100 basis points over London interbank offered rates.

Traders said the issue would have appeared well priced in a more normal market, but the background worries made for a difficult reception. The Soviet Union made two D-Mark issues last year following its first in 1988.

The only other issue in D-Marks was a DM200m floating rate note for Great Belt, a company operating a road-rail link between two Danish islands, came late in the day. The lead manager quoted the issue, which is guaranteed by Denmark, at 99.85 bid.

Into a sterling bond market, which sunk again across the board, British Telecom brought a 10-year zero-coupon issue through Shearson Lehman Hutton. According to traders, the issue apparently met a reasonable reception, despite the underlying weakness. Although certain UK institutions declined to buy, preplacement of the bonds, perhaps in Europe, was suspected. Shearson said it had sold half the issue itself.

With its 10-year duration, the zero coupon is said to be the longest duration bond in the sterling market, making it volatile and attractive for any investors turning bullish on sterling bonds. It was priced at 127 basis points over the 9 per cent gilt of 2008. This was equivalent to 50-55 basis points over the 9 per cent gilt with the same maturity.

In Swiss francs, the launch of three new fixed-rate issues underlined the oversupply in the primary market. Recent issues lost about ½ point in the grey market.

An increase in the Swiss mortgage rate added to fears about the general environment of rising interest rates. The best received of yesterday's crop appeared to be the SFr75m issue for DSL Bank.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
D-MARKS						
Bk Foreign Econ.Aff.USSR(a)◆	500	8⅞	100	1995	2/1¼	WestLB
Great Belt A/S(b)‡◆	200	(b)	100	2000	20/10bp	Morgan Stanley
STERLING						
British Telecommunications◆	200	Zero	33.90	2000	1½/1	Shearson Lehman Hutton
Compagnie Bancaire(c)‡◆	200	(c)	99.80	1995	5bp	J.P. Morgan Secs.
SWISS FRANCS						
GMAC Canada(a)★★◆	150	7⅜	101⅛	1997	n/a	UBS
City of Montreal(a)◆	125	7¼	100	2000	2⅜	Wirtschafts-und Privatbk
Tokyo Tekko Co.★★♦	110	1	100	1995	1⅝	Credit Suisse
DSL Bank(a)★★◆	75	7⅝	100¾	1995	n/a	Credit Suisse
YEN						
Toronto-Dominion Bk(Cayman)◆	7bn	6.7	101⅛	1993	1⅛/⅞	Sumitomo Trust Int.
AUSTRIAN SCHILLINGS						
Austria, Republic of(d)‡◆	3bn	-⅛	100	1993/02	25/20bp	Raiffeisen Zentralbank

★★Private placement. ♦With equity warrants. §Convertible. ‡Floating rate notes. ◆Final terms. a) Non-callable. b) Coupon pays 6-month Libid flat. Call at 100 after 5 years and on coupon dates thereafter. c) Issue increased from £150m. Additional £100m on tap. Coupon pays 3-month Libor flat. Put from 1991 at 99.80 increasing 5bp p.a. thereafter. d) Renewable every three years from 1993. Call Feb.1993 at 100 and on coupon payment dates thereafter. Coupon pays ⅛ under 3-month Vibor.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Index No. (Thu Jan 18 1990)	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Jan 17 Index No.	Tue Jan 16 Index No.	Mon Jan 15 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (203)	909.98	-1.6	12.51	4.69	9.75	8.39	924.64	914.92	927.38	838.16
2 Building Materials (27)	1118.83	-1.4	14.07	5.05	8.86	0.08	1135.00	1125.07	1145.19	1034.80
3 Contracting, Construction (36)	1530.45	-1.0	16.53	5.16	7.94	0.04	1545.58	1539.82	1563.74	1581.73
4 Electricals (10)	2602.30	-1.0	10.34	4.78	12.16	0.00	2628.37	2605.62	2632.99	2428.42
5 Electronics (30)	1945.65	-2.5	9.24	3.71	14.00	0.00	1994.59	1957.76	1963.37	1929.12
6 Engineering-Aerospace (8)	459.91	-1.5	13.07	4.80	9.44	0.04	466.85	462.87	471.81	0.00
7 Engineering-General (45)	488.54	-0.9	11.46	4.79	10.53	0.15	493.03	488.69	492.48	0.00
8 Metals and Metal Forming (6)	466.26	-1.7	25.29	6.45	4.46	0.00	474.51	472.85	480.29	478.41
9 Motors (16)	383.34	-1.6	13.88	5.50	8.45	0.00	389.38	382.27	388.47	275.45
10 Other Industrial Materials (25)	1671.31	-1.7	10.07	4.32	11.52	2.70	1699.48	1683.64	1714.40	1402.00
21 CONSUMER GROUP (179)	1296.00	-1.6	8.77	3.67	14.25	0.62	1316.62	1302.38	1313.69	1086.36
22 Brewers and Distillers (22)	1524.09	-1.2	9.40	3.45	13.20	0.00	1543.12	1523.39	1541.34	1186.84
25 Food Manufacturing (19)	1130.66	-1.2	9.60	3.91	12.93	1.48	1144.35	1130.31	1148.04	978.89
26 Food Retailing (16)	2292.59	-1.3	8.96	3.30	14.48	3.63	2322.92	2278.59	2281.00	1924.87
27 Health and Household (13)	2587.91	-2.2	6.05	2.53	19.68	0.03	2644.93	2623.09	2652.28	1926.89
29 Leisure (33)	1626.18	-1.5	8.27	3.64	14.90	0.24	1651.25	1640.89	1658.27	1431.87
31 Packaging & Paper (15)	585.54	-1.1	11.24	4.93	11.18	0.44	592.17	586.46	590.08	562.38
32 Publishing & Printing (17)	3635.88	-1.5	8.65	4.86	14.93	3.12	3691.90	3671.32	3722.30	3437.88
34 Stores (31)	791.43	-1.8	11.04	4.74	11.79	0.25	805.81	794.96	797.23	722.13
35 Textiles (13)	521.58	-1.3	11.08	5.74	10.94	0.00	528.46	529.15	535.30	498.43
40 OTHER GROUPS (102)	1182.96	-1.2	10.83	4.71	11.06	0.06	1197.82	1186.81	1196.67	958.45
41 Agencies (16)	1562.74	-0.6	6.76	2.30	18.15	0.05	1571.82	1565.09	1575.81	1137.63
42 Chemicals (22)	1228.92	-1.7	12.35	5.24	9.55	0.27	1250.83	1241.78	1247.98	1090.31
43 Conglomerates (13)	1654.18	-0.9	10.98	5.88	10.65	0.00	1669.42	1650.29	1676.60	1318.29
44 Transport (13)	2300.73	-1.7	10.52	4.18	12.11	0.00	2339.34	2323.68	2351.99	2011.26
46 Telephone Networks (2)	1209.76	-1.7	10.58	4.24	12.39	0.00	1230.80	1215.63	1219.29	1060.28
47 Water (10)	1959.73	-0.7	17.78	6.91	6.23	0.00	1974.10	1951.04	1958.88	0.00
48 Miscellaneous (26)	1919.71	-0.8	9.23	4.29	12.21	0.13	1935.18	1920.60	1948.96	1295.15
49 INDUSTRIAL GROUP (484)	1179.18	-1.5	10.34	4.24	11.84	0.40	1196.79	1184.54	1196.14	1083.26
51 Oil & Gas (16)	2329.20	-1.4	9.26	4.90	14.26	0.00	2363.16	2341.80	2348.59	1840.97
59 500 SHARE INDEX (500)	1275.64	-1.5	10.19	4.33	12.12	0.37	1294.63	1281.59	1292.92	1074.42
61 FINANCIAL GROUP (114)	835.27	-1.2	–	5.09	–	0.10	845.87	840.23	839.03	711.46
62 Banks (9)	875.35	-1.0	19.58	5.73	6.71	0.00	883.95	874.65	874.21	706.01
65 Insurance (Life) (7)	1385.60	-2.1	–	4.79	–	0.00	1415.86	1404.94	1394.32	1013.79
66 Insurance (Composite) (7)	701.82	-1.3	–	5.39	–	0.00	711.10	710.58	709.40	559.22
67 Insurance (Brokers) (6)	1130.80	-0.1	6.57	5.57	20.26	0.00	1131.87	1133.95	1138.96	962.75
68 Merchant Banks (8)	479.35	-1.3	–	3.71	–	0.00	485.73	484.78	485.64	330.39
69 Property (49)	1196.78	-1.1	7.66	3.59	16.51	0.11	1209.49	1208.01	1203.62	1250.25
70 Other Financial (28)	338.60	-0.9	12.46	6.22	10.53	1.04	341.83	339.59	341.87	362.27
71 Investment Trusts (68)	1236.74	-1.3	–	2.93	–	0.27	1253.46	1245.74	1258.31	993.71
91 Overseas Traders (5)	1526.22	-1.2	9.05	5.19	12.71	0.00	1544.03	1553.85	1552.32	1308.45
99 ALL-SHARE INDEX (687)	1169.74	-1.4	–	4.41	–	0.32	1186.53	1175.64	1184.17	985.45

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 17	Jan 16	Jan 15	Jan 12	Jan 11	Year ago
FT-SE 100 SHARE INDEX‡	2336.9	-37.0	2358.0	2326.2	2373.9	2349.1	2366.2	2380.1	2417.9	1910.8

FIXED INTEREST

PRICE INDICES	Thu Jan 18	Day's change %	Wed Jan 17	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	114.47	-0.26	114.77	–	0.91
2 5-15 years	124.64	-0.81	125.65	–	0.43
3 Over 15 years	133.43	-0.71	134.38	–	0.00
4 Irredeemables	149.83	-1.19	151.63	–	0.00
5 All stocks	123.77	-0.63	124.55	–	0.56
Index-Linked					
6 Up to 5 years	140.73	-0.11	140.88	–	0.00
7 Over 5 years	137.77	-0.47	138.42	–	0.47
8 All stocks	137.87	-0.45	138.49	–	0.44
9 Debentures & Loans	105.24	-0.06	105.30	–	0.31
10 Preference	83.33	-0.86	84.05	–	0.16

AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 18	Wed Jan 17	Year ago (approx.)
British Government				
1 Low Coupons	5 years	10.77	10.63	9.22
2	15 years	10.34	10.24	8.94
3	25 years	10.21	10.11	8.88
4 Medium Coupons	5 years	11.98	11.80	10.26
5	15 years	10.70	10.58	9.46
6	25 years	10.28	10.18	9.10
7 High Coupons	5 years	12.09	11.93	10.47
8	15 years	10.88	10.74	9.62
9	25 years	10.41	10.28	9.08
10 Irredeemables	†	10.26	10.13	8.92
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.17	4.13	3.74
12 Inflation rate 5%	Over 5 yrs.	3.76	3.73	3.74
13 Inflation rate 10%	Up to 5yrs.	3.35	3.30	2.59
14 Inflation rate 10%	Over 5 yrs.	3.61	3.57	3.59
15 Debs & Loans	5 years	13.03	13.04	11.65
16	15 years	12.29	12.28	11.32
17	25 years	12.28	12.27	11.00
18 Preference	‡	11.09	11.00	10.20

‡Opening Index 2358.0; 10 am 2347.0; 11 am 2345.5; Noon 2351.6; 1 pm 2347.6; 2 pm 2340.0; 3 pm 2334.5; 3.30 pm 2338.5; 4 pm 2342.8 (a) 9.00am (b) 2.33pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	94	4
Corporations, Dominion and Foreign Bonds	2	21	17
Industrials	179	587	848
Financial and Properties	75	304	318
Oils	21	28	44
Plantations	1	2	7
Mines	33	59	68
Others	58	78	117
Totals	371	1,173	1,423

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1989/90 High	1989/90 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	–	101	97	Abtrust New Thai Inv.	99	-2	–	–	–	–
§	F.P.	–	61	45	Do. Warrants	55	-1	–	–	–	–
§75	F.P.	–	86	81	§Air London 5p	86		R2.25	2.5	3.5	13.1
†	F.P.	–	30	23	*Analysis Hldgs. 20p	26	-1	–	–	–	–
240	100	–	171½	100	Anglian Water	165	-3	R15.3	2.3	6.7	7.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+ or -
11	Nil	–	1½pm	½pm	§Audio Fidelity 10p	1¼pm	
18	Nil	–	9¾pm	6¼pm	Ariva Petroleum	9¾pm	+1½
280	Nil	–	27pm	24pm	Cook (Wm.) 20p	24pm	
100	Nil	–	8pm	2pm	Medirace 10p	2pm	-2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. §Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Jan 8
- Last Dealings Jan 19
- Last Declarations Apr 5
- For settlement Apr 17

For rate indications see end of London Share Service

Calls in Atlantic Res., Bear Brand, British Land, Butte Mining, Control Sec., Ferranti Intl., Hi-Tec Sports, Kelt Energy, Lanca, Lonrho and Trident Petroleum.

LONDON TRADED OPTIONS

The London Traded Options Market had a busier session yesterday as attention focused on the underlying market, where shares were marked down in nervous trading. But the derivatives markets suffered from the unwillingness of investors to commit themselves to the equity market at current levels. Uncertainty about the global cash market outlook, particularly in Tokyo, and concern about UK inflation, kept institutional investors on the sidelines, dealers said.

Total market turnover amounted to 36,673 contracts, compared with 28,113 on Wednesday. This was again tilted towards calls, which some investors picked hoping for a recovery in the cash market. Call volume amounted to 21,589, while 15,084 puts changed hands.

In spite of the lower turnover earlier in the week, the number of contracts outstanding at the close of business on Wednesday increased. Open interest stood at 878,720 contracts, compared with 873,745 on Tuesday. FT-SE 100 index option open interest totalled 112,422, against 111,785. Analysts said this reflected the willingness of investors to use options as a cheaper entry into the increasingly volatile stock market.

The FT-SE 100 index option was the busiest contract. The equity market's decline led to buying of puts, though trades remained small-scale. Total FT-SE turnover amounted to 7,257 contracts, of which 4,695 were puts and 2,562 were calls. The February 2,350 put series was the most active, trading 820 contracts.

Among the stock options, turnover in Ferranti was boosted just before the close, as Tullett and Tokyo bought 1,000 January 40 puts at 13p and 2,000 January 60 puts at 33p. The bearish option trade came as the underlying equity dropped 11 to 26p, as Thomson-CSF said it had pulled out as a bidder for Ferranti.

British Telecom also featured, with Citicorp particularly active, transacting 1,500 option contracts. The trades were said to be closing existing bear positions and establishing fresh bear positions. Total market BT turnover amounted to 2,838 contracts, of which 1,811 were calls and 1,027 were puts. The May 300 call series was the busiest, turning over 905 lots.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*500)	460	41	66	75	1½	8	18
	500	8	36	48	9	24	30
	550	1	14	25	53	55	58
ASDA (*112)	110	5½	13	17	5	9	10
	120	2	8	14	10	15	16
Brit. Airways (*208)	200	10	21	26	1	8	11
	220	1½	12	15	13	16	21
	240	½	6	9	33	33	35
Storehouse (*115)	110	6½	15	18	2	6	10
	120	1½	9	13	7	10	15
Trafalgar (*365)	360	–	30	45	–	21	28
	377	4	–	–	18	–	–
Utd. Biscuits (*346)	330	17	33	42	1½	10	12
	360	2	15	26	16	26	27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Polly Peck (*406)	390	18¼	40¼	49¼	2¼	14¼	22½
	420	2¼	24	33½	18	30	38¼
Thames Water (*157)	130	28	31	34	½	¼	1½
	140	18	21	26	1	1½	4½
	160	2	8	14	4	9	11
Water Hldg Pkg (*£1586)	1550	50	100	145	25	50	60
	1600	20	80	120	60	70	80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK COMPANY NEWS

Spanish store helps cushion Mountleigh fall

By Paul Cheeseright, Property Correspondent

FINAL OBSEQUIES over the reign of Mr Tony Clegg, once a stock market hero, at Mountleigh, the property trading and investment company, were observed yesterday in the form of reduced interim profits.

But there were few new clues about the direction of the company under the effective control of Mr Nelson Peltz and Mr Peter May, US entrepreneurs better known for their former association with Mr Michael Milken, once the champion of the junk bond market, than for their European property expertise.

Pre-tax profits for the six months to October 1989, the last reporting period before Mr Clegg resigned, were £20.4m, or £4.4m less than the same period of 1988. They would have been substantially lower had it not been for the consolidation since last April of Galerias Preciados, the Spanish department store which is Mountleigh's largest asset.

Property sales were sharply down at £128.9m from £450.4m and rental income slipped to £12.7m from £15.5m. An unchanged interim dividend of 1.25p is payable from earnings per share of 5p (5.6p).

Mr Peltz and Mr May have been reviewing all Mountleigh's activities since they took over in November with a 22.5 per cent stake. Given that Mountleigh's property development programme is at an early stage, full-year results depend on whether they set off a programme of asset disposals.

Galerias Preciados, with gross property assets of £473.6m, is expected to be sold or floated off during the next financial year. This will release funds to take advantage of what Mr Peltz and Mr May called "opportunities as they arise".

But property sales under current conditions in the British market could be difficult. Mountleigh has sold no property of significance in its second half so far.

The problems for property companies of the slowdown in activity were emphasised yesterday by Rockfort, which announced that, for the period to the end of last December, it did not expect to generate a substantial addition to the £2.79m earned before tax in the half-year to June.

From November onwards Rockfort found that tenants were reluctant to lease new buildings and institutions were holding back from the purchase of completed properties or the funding of developments. "People are sitting tight waiting to see where yields move to," said Mr Roger Smee, the chairman.

These corporate announcements added to the general gloom around the property sector on the stock market. Mountleigh's price was 4p lower at 157p, while Rockfort lost over 16 per cent of its market capitalisation by falling 9p to 46p.

See Lex

HunterPrint warns of losses

By Andrew Hill

SHARES IN HunterPrint Group, which touched 220p two days ago on rumours of an impending bid, fell 60p to 130p yesterday after the specialist printing company revealed it would make a loss for the year to October 1.

HunterPrint has suffered badly after moving its magazine and catalogue division to a new factory in Corby.

In September, it said annual profits would be some £4.5m lower than the 1987-88 figure of £6.45m before tax. But problems in the group's financial control systems, exacerbated by the installation of a new computer system, concealed the true extent of start-up costs and losses. The company will now announce "a substantial loss for the second half" at the end of this month.

The group has also changed its original forecast that it would recommend a final dividend of 7p. Now the final dividend will be no more than 1p, which would make 4p for the year, against a 1987-88 dividend of 10p.

To help relieve the problems HunterPrint is to sell its financial printing division for between £2.4m and £2.8m, including the intra-group loan account, to City Communications Group, a privately-owned specialist printer. The division made £402,000 before tax in the 53 weeks to October 2, 1988, but in the first half of 1989 profits had slumped to just £12,000.

Mr Michael Hunter, chairman and chief executive, will become executive chairman and consultants have been appointed to seek a new chief executive, while Mr Paul Baker has resigned as finance director. He remains director of corporate affairs and company secretary.

Mr Hunter said the group had had to spend over £1m on unbudgeted overtime establishing the Corby factory after many production staff at the original plants were unable to sell their homes and move to the area.

Training of new staff had set back the original schedule by four or five months, he said.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Associated British Consultants, Cook (DC), DAB Investments, North of Scotland Investment, Reject Shop, Smith (David S)

Finals- Cardiff Property, LPA Industries, Norfolk House, St Andrew Trust.

FUTURE DATES

Interims-

Assoc. Nursing Services	Jan. 24
Beales (John)	Jan. 22
Brandon Hire	Jan. 29
Cassidy Brothers	Jan. 26
Davies (DY)	Jan. 30
Dudley Jenkins	Jan. 30
Dyson (J&J)	Jan. 26
Herrburger Brooks	Feb. 21
Hiclare	Jan. 24
Kelt Energy	Jan. 29
Prism Leisure	Jan. 31
Scott Pickford	Jan. 23
Wardle Storeys	Apr. 10
Wholesale Fittings	Feb. 2
Finals-	
Buckingham International	Feb. 2
Domino Printing Sciences	Jan. 31
Securiguard	Feb. 6
Vickers	Feb. 26

Wassall lifts MCG stake to 40% after market raid

By Andrew Hill

WASSALL, the mini-conglomerate bidding for Metal Closures Group, has picked up nearly 10 per cent of the print and packaging group's shares in the market.

Together with 29.8 per cent already committed to Wassall's 160p cash alternative by Suter, the industrial holding company, the purchases give the predator control over nearly 40 per cent of its prey.

Wassall's cash-and-shares bid, which closes next Wednesday, is worth about £50m, or 195p per share, against MCG's unchanged closing price of 183p yesterday. Wassall has acquired about 2.55m shares, or 9.96 per cent, at just under 200p each, but will be unable to buy more shares in the market without making a cash offer for the outstanding MCG equity at the same level.

Wassall speculates that MCG's share price, which stood at 157p before the bid was launched in November, would have collapsed without the takeover approach.

The group also claimed in yesterday's letter that MCG could not continue the dividend policy indicated by its December forecast without wiping out shareholders' funds.

MCG, which makes metal and plastic bottle-tops as well as plastic packaging, had to forecast a decline in 1989 profits and earnings before Christmas. In its defence, MCG argues that it is now poised to benefit from recent heavy investment, which it says was necessary to exploit the European market. MCG is expected to issue its final defence document today.

Symonds rises 70%

Symonds Engineering raised pre-tax profits 70 per cent from £131,461 to £223,172 in the six months to September.

Sales rose to £2.84m (£2.23m) and earnings to 1.42p (0.816p) per share. The interim dividend is 0.45p (0.3p).

On Wednesday its shares firmed on the announcement that JF Nash Holdings had an 18.9 per cent stake.

A bid one brick shy of a full hod

Ray Bashford on the prospects for Lovell's offer for Higgs and Hill

MR ANTONY Hichens, deputy chairman of YJ Lovell, appeared a worried man as he swept out of his banker's offices last Wednesday morning on the way to one of the final presentations to institutions.

With the closing date for the hostile £167m takeover offer for Higgs and Hill only three days away, Mr Hichens could not disguise his concern that his company's bid for its competitor in the housing and construction industry would fail.

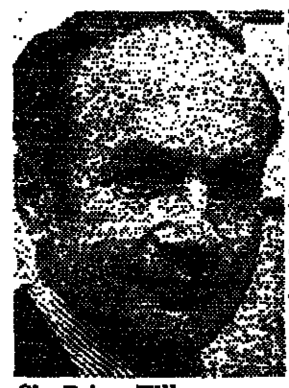
Only a late surge of support from institutions could spare Lovell defeat and the word filtering out of the City is that the company is having considerable trouble arguing its case that the cash and share offer price is sufficient.

Lovell strengthened its position on Wednesday afternoon when its holding in Higgs and Hill was increased to slightly above 20 per cent through a second foray into the share market. But Higgs and Hill directors were confident yesterday that by tomorrow afternoon when the offer closes they would be toasting victory and continued independence.

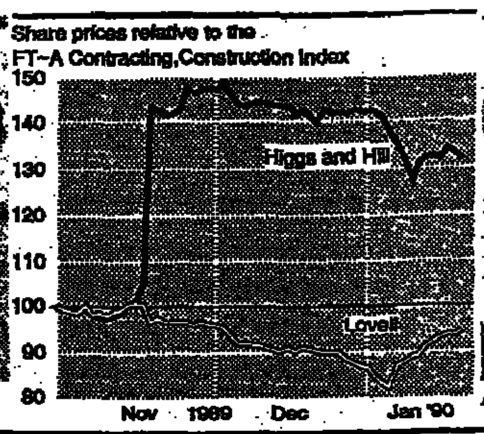
When launching the offer, Lovell set the tone for a head-to-head encounter between two middleweights in the industry, by revealing that Mr John Adams, the then deputy chairman of Higgs and Hill had defected and had pledged support to the offer.

There are two quite different accounts of what led up to Mr Adams' fall-out with Sir Brian Hill, the chairman of Higgs and Hill. However, it is certain that mid-way through last year the managements of both sides saw the potential commercial logic of a merger and held a series of meetings to discuss the possibility.

Sir Brian says Lovell was not talking about a merger but a takeover. Mr Hichens replies



Sir Brian Hill



Antony Hichens

that Higgs and Hill walked out because senior management, while recognising the logic, feared for their jobs. Mr Adams agrees.

The "two plus two equals five" argument has been central to Lovell's case. It has argued that by fitting the companies together a new force in the housing and construction industry would be created, capable of facing the challenges from intensified international competition in the UK.

Higgs and Hill's construction business, with a long history of success and respect within the industry, was the target of Lovell's attention. In one swoop, Lovell reasoned, the industrial force which would take years to grow organically could be grafted on to its own relatively small construction operation.

Lovell argued that its more robust management style would inject new life into the construction business which it claimed was resting on its achievements rather than pushing forward in preparation for changes in the industry.

Mr Hichens says that Higgs and Hills' forecast of an annual pre-tax contribution to profits of £8.7m from its construction division is ample evidence of under-achievement, especially after a comparison with housing, which, even in the relatively depressed economic climate, is expected to return £7.1m.

Leading City analysts who have recommended rejection principally on the grounds that the offer undervalues Higgs and Hill, have found great difficulty accepting the argument for the bid's commercial logic.

While the merged group would be elevated above a band of medium-sized companies, it would still lack the critical mass to compete on an equal footing with seniors in the industry such as Wimpey, Taylor Woodrow and Tarmac.

By fully integrating the groups Lovell believes that it could make overhead savings of up to £8m during the first year. This would negate the possibility of any dilution in earnings through the cash and share bid.

Based on yesterday's closing price, the offer values Higgs and Hill's shares at 493p. However, this price is artificial because the rise in Lovell's shares which has taken place during the past few weeks is largely due to the belief that the bid will fail, removing fears that there would be a dilution in earnings.

Smith New Court, the securities house, concluded that the shares have a "fundamental" worth of 450p, after valuing the contracting and housing on an earnings basis and property on a discount to assets.

The offer leaves little premium for control at a time when there is evidence that the entire sector is in the midst of renewed support in the stock market.

There is a strong belief among some institutions that Lovell made a mistake in failing to include a cash offer which would be free of the vagaries of market conditions and doubts about the wisdom of holdings shares in a merged group. However, the impact that a cash offer would have on gearing rendered this alternative impossible.

While the offer appears doomed, Sir Brian cannot be happy that Lovell could walk away retaining the 10 per cent holding that it purchased through the market. This is hardly a destabilising stake but it will inject a speculative element in the share price at a time when bid activity in the industry could accelerate.

Colefax near-doubled at £1.42m

By Clare Pearson

A FULL six-month contribution from Cowtan and Tout, a US company bought in October 1988, boosted interim results of Colefax and Fowler, the home furnishings company.

Yesterday the company announced pre-tax profits almost doubled at £1.42m (£717,000) in the six months to end-October.

Earnings per share emerged about 22 per cent higher at 4.83p (3.96p). Mr David Green, chief executive, said this was roughly equivalent to the level of organic profits growth.

Sales to the UK trade and in the US now account for some 75 per cent of the total. Mr Green said the company had seen no signs of a downturn in UK operations, where it has just two retail outlets.

"At this stage, I'm still looking for 20 per cent organic growth in the company this year," he said.

Sales throughout the US grew by about 22 per cent. Plans are being made to introduce Colefax and Fowler boutiques into Cowtan and Tout showrooms during the year.

UK trade sales rose by 26 per cent. Losses have been stemmed at Jane Churchill, the fabrics and furnishing business bought for its name last May for £1.05m. Mr Green said the operation should break even in the full-year.

A new Colefax and Fowler range is currently being designed by LM Kingcome, the upholstered furniture manufacturer acquired last September for £1.4m.

Turnover throughout the group, which sells in continental Europe and Australia as well as the UK and the US, rose to £13.2m (£6.3m).

The interim dividend is set at 1.3p (1.1p).

Remaining proceeds of last autumn's £6.3m rights issue, some 80 per cent of which was taken up by shareholders, are expected to be used for further small acquisitions as opportunities arise.

Exceptionals give Denmans a boost to £2m

Denmans Electrical achieved a profits rise of 24 per cent to £2.08m pre-tax for the year to end-September 1989. The figure this time, however, included exceptional credits of £328,000.

Following a property revaluation, net assets increased by 43 per cent to 189p. The company's shares, which are traded on the USM, closed 7p higher at 215p.

Turnover pushed ahead from £27.48m to £34.14m and earnings emerged 8.67p higher at 33.55p per share. A final dividend of 3.85p makes a 5.5p (4.55p) total.

Turnover in the opening quarter of 1989-90 was up on last year's level.

Thompson to quit NFC chair at end of year

By Clare Pearson

SIR PETER Thompson is to step down as chairman of NFC, the transport, distribution and travel group, at the end of this year. His successor is to be announced at the annual meeting on February 25.

NFC also said yesterday it planned an American Depositary Receipt programme enabling North American shareholders to exchange their shares for ADRs, which the company proposed to list on the American Stock Exchange in April 1990.

The main aim is to give North American shareholders, chiefly employees of Allied Van Lines, the US removals business acquired in 1988, the same facilities as their UK counterparts.

NFC, a product of an employee buy-out which floated on the London market a year ago, has remained strongly committed to the tradition of employee share ownership.

NFC also said yesterday that it would propose a scrip issue at the annual meeting. This is aimed at lowering the share price and keeping it within the reach of first-time buyers, particularly new employees. The proposed issue is on a one-for-two basis.

The announcements came in an introductory letter to the notice of the annual meeting posted to shareholders yesterday.

Allied Textile nets Mackay for £7.6m

By Nikki Tait

ALLIED TEXTILE Companies, the Huddersfield-based wool textile group, has secured the acquisition of Hugh Mackay, the Durham-based carpet manufacturer, for £7.6m – just one third of the price it nearly paid 14 months ago when it aborted its bid.

Mackay announced on Tuesday that it was in bid discussions, after its shares rose sharply. There was widespread speculation that ATC, which had retained its 29 per cent stake in the carpet group, was the suitor.

Last night, ATC unveiled an agreed bid, which offers shareholders 100 shares in ATC for every 285 Mackay shares owned. There is a cash alternative of 117p per Mackay share and a second interim dividend of 3p per share in respect of 1989.

Shareholders speaking for 25.7 per cent of Mackay's shares have given irrevocable undertakings to accept the bid, giving ATC overall control of 54.7 per cent.

Under the previous bid, ATC's cash terms were worth 330p per share. The bidder withdrew its offer under a condition of the agreement allowing it to pull out if material adverse changes to Mackay's trading position or prospects came to light.

Mackay subsequently reported a profits fall in 1988 and went into the red in the first six months of 1989. Debt at end-1989 rose to £5m.

Mackay shares fell 10p to 122p yesterday.

UniChem struggle takes toll on Macarthy

By John Thornhill

MACARTHY, the wholesale and retail pharmacy group, recorded a slim 6 per cent advance in pre-tax profits, from £6.14m to £6.5m in the year to September 30, as it struggled to shrug off the effects of its tussle with UniChem, a rival wholesaler.

Stripped of a net exceptional profit of £257,000, the profits gain was less than 2 per cent. Turnover was down by 12 per cent at £333.4m (£379.45m).

During the year, Macarthy spent £795,000 contesting UniChem's controversial share incentive scheme, which effectively locked pharmacists into buying its products. The Monopolies and Mergers Commission last May declared this scheme to be anti-competitive and Macarthy tried to win compensation from UniChem for lost business.

However, a confidential settlement was reached with UniChem last December. Mr Ian Parsons, who became Macarthy's chief executive following the resignation of Mr Nicholas Ward in August, said the UniChem episode was now over and the company could concentrate on running its businesses. "It is a long-running saga which I think has run out," he said.

Mr Ward is taking legal action against Macarthy over a disputed severance payment.

Macarthy said its pharmaceutical wholesaling activities continued to recover from the UniChem affair, although losses in the veterinary wholesaling business reduced the division's operating profits to £1.33m (£1.54m).

The manufacturing division, which had been earmarked for sale, is to be retained after no suitable buyer came forward. Mr Parsons said that after savage treatment the division had been turned round and was now trading profitably. With the group's agency activities, the division contributed £2.96m (£2.72m) to operating profits.

The retail division, with 207 outlets, is being refocused to provide services and products more closely tailored to the areas in which they are located. Operating profits grew from £4.37m to £5.16m.

Earnings per share were slightly ahead at 16.1p (15.9p). A final dividend of 7.5p is proposed, bringing the annual payment to 12.5p (11.5p).

● COMMENT

It is hard to discern the underlying performance of Macarthy's businesses through the swirling mists of the UniChem controversy and the management ructions that led to the resignation of Mr Ward. The company has undoubtedly faced more than its fair share of external woe, but Macarthy must shoulder criticism itself as it has failed to get a grip on some activities – the veterinary wholesaling business in particular has been allowed to drift alarmingly. The new management appears to offer a rigorous approach to running the company and the emphasis on the retailing side promises a brighter future. But this year pre-tax profits may only advance to £7m, putting Macarthy on a fairly demanding prospective multiple of about 13. The company's good dividend yield and the value of its retailing businesses will help underpin the share price, but it is unlikely to show any great advance until the management can provide firmer evidence of the virtues of its strategies.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Allied Leisure § ....int	1.1	May 4	0.55	-	1.65
Anglia TV ....fin	6.4	-	5.4	9	7.75
City of Oxford ....int	0.9375	Feb 27	-	-	0.9375
Colefax & Fowler ....int	1.3†	-	1.1	-	3.3
Davenport Vernon....fin	3.5	Mar 16	-	3.5	-
Denmans Elect § ....fin	3.85	-	3.05	5.5	4.55
Group Dev Cap ....fin	0.2	-	0.7	0.2	0.7
Jarvis ....int	0.825	-	0.75	-	2.25
Macarthy ....fin	7.5	-	7	12.5	11.5
Mountleigh ....int	1.25	-	1.25	-	4.75
Soundtracs § ....fin	1.35	-	1.5	2.2	2.2
Stanley Leisure ....int	2	Feb 23	1.75	-	4.5
Symonds Eng ....int	0.45	-	0.3	-	1
Wilan Inv ....fin	2	-	1.825	3.625♠	3.125

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ♠ For 8 months to end-December 1989.

STARTING THE YEAR AS WE MEAN TO GO ON.

Monday 8th January

Syndication of £25m revolving credit facility for London and Manchester Group closed.

Tuesday 9th January

Advised Britannia Security Group in its £110m recommended offer by ADT.

Wednesday 10th January

Announced the acquisition by Groupe Boulet Dru Dupuy Petit of 6.5% and a tender offer for a further 23.4% of Broad Street Group.

Thursday 11th January

Advised Evered in its agreement to acquire Civil and Marine for £110m

Friday 12th January

Announced proposed disposal by SD-Scicon of Warrington Financial Systems for $65m

Samuel Montagu & Co. Limited

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Halpern expects another 'tough year' for Burton

By Robert Chote

SIR RALPH Halpern, presiding over the annual meeting of Burton Group, showed few visible signs of poverty after a year in which he had to stomach a £97,000 pay cut – a second successive fall.

Sir Ralph's salary, which last year left him to survive on £899,000, is linked to the growth rate of Burton's earnings per share. If, as he told the meeting, "1990 is going to be a tough year," his belt may have to tighten still further.

Sir Ralph said retailers faced "the most challenging period of change we have seen in the past 20 years." He claimed that Burton was well prepared, pointing to the fact that sales since the start of September were 8.5 per cent up on 1988-89 in spite of difficult trading conditions.

Like Big Brother, Sir Ralph beamed at his shareholders from numerous television monitors, while sensitive microphones relayed the directors' every word around the hall, whether intended for shareholders' ears or not.

Shareholders were not only concerned with the trading position. Sir Ralph, like Lord Hanson last week, was forced to defend his green credentials.

Sir Ralph Halpern: salary down to £899,000 as retailers face the most challenging period of change in 20 years

Shareholders were impressed to discover that Burton had banned smoking and the sale of furs, introduced ozone-friendly cleaning materials and converted all company cars to unleaded fuel.

One shareholder applauded the presence of Ms Margaret Salmon, Burton's lone female associate director, on the platform. He then suggested that the appointment of Mrs Edwina Currie, now less than fully employed, as a non-executive director would strike a further blow for sexual equality.

Sir Ralph agreed that women had an important role to play in the Burton Group.

Exhibition buys for Blenheim and United Newspapers

By Vanessa Houlder

TWO COMPANIES yesterday announced the acquisition of overseas exhibition organisers in separate takeover deals exceeding £35m.

United Newspapers, the publishing group, is buying Mentor Marketing Services, a Netherlands-based trade exhibition organiser, for a maximum Fl 75m (£23.92m).

Blenheim Exhibitions Group, an international exhibition company, is buying both Bobbin, an exhibition and magazine group, and Spectrum Shows, a franchise exhibition organiser, for a maximum £11.93m cash.

Mentor Marketing Services, which trades as Expoconsult, has 27 trade exhibitions in seven European countries and in Singapore.

It will add to United Newspapers' portfolio of exhibitions and conferences, which already includes MGB Exhibitions in the UK and four other companies in the US.

United Newspapers is paying an initial Fl 35m for Mentor. This may rise to the maximum consideration depending upon profit performance.

The acquisition will be satisfied by the issue of 4.5m shares, to be placed in the market at 425p apiece.

Expoconsult is warranting pre-tax profits of Fl 9.25m for 1990. Net assets to be acquired are negligible.

Bleinheim said that its expansion in the US would complement its existing position in the UK, France and West Germany.

The company first entered the UK market last spring with the £1.8m acquisition of Don Palladeno Franchise Shows, a series of franchise shows and exhibitions.

Blenheim is now buying the Bobbin businesses, which include both Bobbin International and Bobbin Media, for a total consideration of $15.37m (£9.37m).

Bobbin International runs the Bobbin Show exhibition for the clothing manufacturing industry, and Bobbin Media publishes trade magazines covering clothing manufacturing in North and South America.

Spectrum, based in California, organises consumer orientated franchise and business opportunity exhibitions.

The consideration is an initial $1.02m with a further payment of up to $3.18m payable by November 1992, depending on profitability.

Bobbin, based in South Carolina, achieved pre-tax profits of $1.53m in 1988.

Spectrum, based in California, made unaudited pre-tax profits for the 11 months to July 28 of $17,708.

Higher ad income lifts Anglia TV to £18.5m

By Andrew Hill

ANGLIA TELEVISION Group, ITV franchise holder for the east of England, last year increased advertising revenue by 14 per cent, but warned that there had been a slowing of growth in advertising income in the second half.

In the year to October 31, pre-tax profits rose from £16.02m to £18.48m. However, operating costs increased due to changes in the pricing system for networked programmes and greater investment in drama, cutting pre-tax margins slightly from 15 to 14.5 per cent.

Sir Peter Gibbings, chairman of the group, which also has stakes in local radio stations and is a founder shareholder of British Satellite Broadcasting, said the group was pleased to have increased its slice of the national TV advertising cake – the average rise in advertising revenue was only 9 per cent for other ITV franchise holders – but he said that sales growth had continued to slow in the opening months of 1989-90.

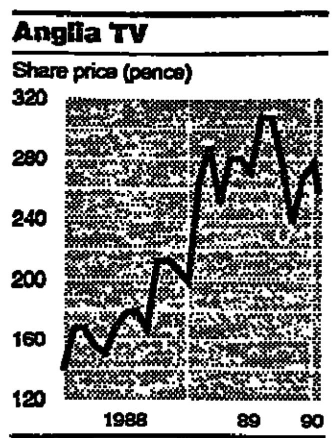
"The size of the advertising cake and the number of currants in it in 1990 is difficult to predict, but we would anticipate that our slice would continue to grow," said Sir Peter yesterday.

Turnover during the year rose from £107.31m to £127.61m with the help of increased investment income, up from £2.98m to £5.49m and boosted by a special dividend of £768,000 paid by Independent Television Publications (ITP), the publisher of TV Times.

Earnings per share were up from 23.9p to 27.93p and the company recommended a final dividend of 6.4p (5.4p) making 9p (7.75p) for the year.

The group reported an extraordinary profit of £5.51m in 1988-89 – £6.44m made from the sale of shares in ITP, less the cost of closing the Anglia sales department, which has been combined with Central Independent Television's air-time sales operation and floated off as a separate company.

Anglia TV



● **COMMENT**

Anglia's shares are unlikely to be particularly exciting performers this year; indeed, the group's profits could even slip below the 1988-89 figure because of the new pricing of networked programming and a change in the means of calculating the exchequer levy. That should not worry Anglia's shareholders unduly. Anglia is still in a growing area of the country, it has a strong regional identity, and there is £24m of cash on the balance sheet. Like most other existing franchise-holders, Anglia has tied in key executives and broadcasters until after the 1992 auction of franchises with a share option scheme – on a smaller scale than the London Weekend Television incentive programme, says Sir Peter Gibbings. Uncertainty still surrounds the sector in advance of details of the Broadcasting Bill later in the year, but investors bent on investing in TV (and, indirectly, local radio) could do worse than buy Anglia shares, which slipped 3p to 259p yesterday. Assuming static pre-tax profits for 1989-90, they are on a prospective multiple of about 9.5.

Full listing places £16.8m tag on Plateau

By Kenneth Gooding, Mining Correspondent

PLATEAU MINING, a precious and base metals exploration company, is coming to the market with a full listing. At the placing price of 90p, it is capitalised at £16.8m.

Plateau was set up three years ago by Robertson Group, itself a fully listed natural resources consultancy, and takes in those mining activities over which Robertson has management control. Robertson is selling its mining interests to concentrate on its core business.

All of Robertson's shareholding in Plateau will be offered by way of an entitlement issue to existing Robertson shareholders, on a one-for-four basis. The disposal will give Robertson a net profit of £2.5m to £3m.

A simultaneous placing of Plateau shares at the same price will raise a net £6.5m in working capital. Trading will start on January 25.

Cash will be used to fund exploration programmes in Ecuador, Zimbabwe and Cyprus. In the medium term Plateau intends to develop a substantial platinum-nickel property in Zimbabwe with partners Rio Tinto Zimbabwe and Anglo American Corporation of Zimbabwe.

Other gold prospects in both Cyprus and Ecuador also offer the potential for future development. Plateau expects positive cash flow this year from a small but high-grade gold mine in Ecuador in which it has a 40 per cent interest.

Mr Colin Bird, Costain Mining's technical and operations director, was recruited last month as managing director of Plateau.

Stanley makes £1.3m provision against stake in Leisure Invs

By Andrew Bolger

STANLEY LEISURE Organisation, the bookmaker, casino and snooker club operator, has made an extraordinary provision of £1.3m against the drop in the value of its 2m-share stake in Leisure Investments.

Leisure Investments, from which the Forsyth brothers resigned as chairman and finance director in November, has seen its share price fall from a 1989 high of 111p to just 22p. Most shareholders have accepted a recommended all-paper offer by Bear Brand, the hosiery group.

Stanley reported a 74 per cent increase in pre-tax profits to £4.22m in the six months to October 29, with turnover up 37 per cent to £70.03m.

Mr Leonard Steinberg, chairman, said much of the growth was due to the acquisition last March of five Brent Walker casinos for £23.7m, but the rest of the businesses had enjoyed organic growth of about 10-12 per cent.

Stanley this month acquired eight more provincial casinos from Leading Leisure and Mr Steinberg confirmed that it was no longer interested in acquiring a casino in London. It recently pulled out of negotiations to buy Aspinall's casino in Mayfair after provisionally agreeing to pay £17m.

Stanley was now concentrating on bookmakers and in December bought 58 betting shops in the Irish Republic from Mecca Bookmakers. Turnover was benefiting from the installation, in 91 branches so far of a televised "Stanley Sportsline" service, giving results and betting offers.

Mr Steinberg said the snooker and printing division continued to produce reasonable results, but the question of Stanley's long-term future in snooker remained under review. Two of the company's snooker clubs were doing very well, but the other two were struggling.

Earnings per share rose some 7 per cent to 9.58p (8.94p), and the interim dividend is increased to 2p (1.75p). The shares eased 2p to 243p.

Hayter Brockbank seeks trading facility

By Eric Short

LLOYD'S underwriting agency Hayter Brockbank is joining the growing number of underwriting agencies seeking a trading facility for their shares.

A prospectus published today offers 2m 10p shares at a price of 85p each, of which 1.2m represents a disposal by Mr JW Hayter, chairman, with the outstanding 800,000 shares comprising new capital.

The offer will represent 18 per cent of the enlarged capital and values the company at £9.2m.

Hayter Brockbank currently manages eight Lloyd's syndicates, including the recently acquired Zenith Motor Syndicate, with a combined capacity of £104m, split £70m for marine, £21m for non-marine and £13m for motor.

The group also acts as members'agent for 300 Lloyd's names, with a combined premium capacity of £140m.

Pre-tax earnings in the year to September 30 1989 were £1.54m with adjusted earnings per share of 9.2p.

The prospectus is being sent to all company names and agents supporting the group's syndicates, but no shares are being specifically earmarked for these potential investors. The issue already appears to be oversubscribed.

The group intends to operate under rule 535(2) of the London Stock Exchange, whereby the company wil endeavour to match willing buyers with willing sellers on a matched bargain basis.

Lowndes refinancing deal near

By Maggie Urry

DETAILS OF the £70m refinancing package for Lowndes Queensway, the debt-laden furniture and carpet retailer chaired by Mr James Gulliver, are expected shortly, possibly today.

The company's directors and advisers were in meetings yesterday at Charterhouse Bank, the bank which backed the £450m buy-out of Harris Queensway in August 1988, from which Lowndes was formed.

The company denied reports that Mr Gulliver had walked out of a board meeting at Charterhouse on Wednesday night. Mr Gulliver had gone out to dinner, it said, but returned to the bank and remained in meetings until the early hours of yesterday morning.

It is understood that there have been no serious hitches in putting the package together, but that it has taken longer than expected to finalise the documents.

In December the company said a package had been agreed in principle and details would be announced by mid-January. Rumours have circulated that Mr Gulliver may resign as part of the package.

Also today, Magnet, the kitchen and bedroom furniture retailer, is expected to release a circular giving further details of the refinancing announced after Christmas, and of its trading performance in the year to April 1 1989 and the half-year to September 30.

Jacksons proves to be just ABF's cup of tea

By Nikki Tait

ONE OF the classiest brand names in the tea business is changing hands. Mr Garry Weston's Associated British Foods is utilising a tiny part of its £1.25bn-plus cash pile to buy Jacksons of Piccadilly from Fitch Lovell, the food manufacturer and distributor.

Fitch acquired the business for £1.7m in 1985, when it had already shed its shop outlets and was predominantly a branded tea operation.

A blending company and some packaging operations were subsequently added at a cost of some £700,000, it said, but it had now become peripheral to the main business.

Jacksons has annual sales of around £4m – half in the UK and the rest coming mainly from exports. Annual profits are about £170,000 pre-tax.

ABF is buying the business through its Twining subsidiary, where worldwide sales amount to some £70m.

The purchaser said that Jacksons would continue as a separate tea operation, rather than being merged as a brand name within Twining.

No purchase price was disclosed.

Static second half at Davenport Vernon

AGAINST A background of less favourable trading conditions and high interest rates, Davenport Vernon, the Buckinghamshire-based motor group, reported unchanged second-half profits of £1.4m.

This meant that the pre-tax figure for the full year to September 30 1989 edged ahead from £2.44m to £2.47m.

Mr Ralph Denne, chairman, said current trading conditions were difficult, but an improvement was expected in the second half.

Gross profits from new car sales increased by 6 per cent, used cars by 2 per cent, service by 9 per cent, parts by 13 per cent, petrol forecourts by 4 per cent and engineering by 79 per cent. Commercial vehicles fell by 20 per cent due to the closure of Bedford Trucks.

Group turnover rose 19 per cent to £90.25m (£75.77m), while gross profits were up 9 per cent at £7.48m. Interest charges took £347,000 (£414,000) and tax £816,000 (£786,000).

Earnings per 10p share dropped from 16.8p to 14.3p, but as forecast when the group made its market debut last March, the final dividend is 3.5p.

NEWS DIGEST

83% jump at Allied Leisure

ALLIED LEISURE, the USM-quoted fast food restaurateur and leisure complex operator which recently changed its name from Allied Restaurants, has lifted pre-tax profits 83 per cent from £515,000 to £942,000 in the 23 weeks to December 30.

At the operating level, profits from its Wimpy-franchised restaurants, now agreed to be sold to Grand Metropolitan for £13m, declined to £932,000 (£1.09m), while profits in the leisure division leapt from £199,000 to £1.1m.

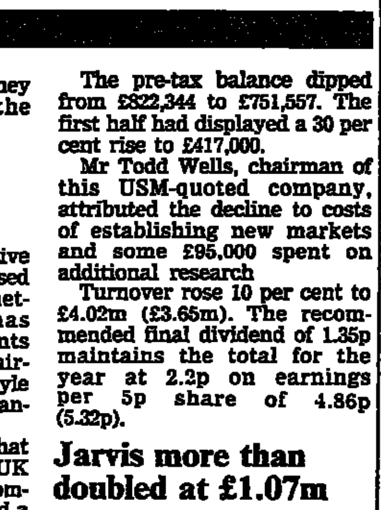
Turnover rose 25 per cent to £10.14m, with the Wimpy outlets contributing a same-again £7.43m and leisure £2.71m (£700,000).

Earnings doubled to 4.91p (2.46p), as did the interim dividend which was set at 1.1p.

Mr Richard Carr, chairman, said that the company had opened four MegaBowl ten-pin bowling centres and three theme bar/restaurants in the period.

A nightclub was opened in November and contracts had been exchanged for the purchase of another.

He said the company had made "progress in achieving its stated strategy to become a more broadly based leisure and catering group".



Richard Carr, chairman of Allied Leisure

Witan Investment NAV up at 114.8p

Net asset value per fully adjusted ordinary share of the Witan Investment Company amounted to 191.3p at December 31 1989. The figure for the warrants stood at 114.8p compared with 92.4p at end-April 1989.

The company has changed its year-end and for the eight months to December 31 returned attributable earnings of £12.64m (£11.31m for the 12 months to end-April 1989).

A final dividend of 2p makes an eight months total of 3.625p (3.125p for period).

Mitie expands to £262,000

Mitie Group, formerly known as Highgate & Job Group, raised its profits from £76,000 to £262,000 pre-tax for the half-year to end-September.

The results this time were those of the engineering division only whereas those for the comparative period were for the chemical division only.

Turnover of the enlarged group expanded from £759,000 to £7.4m and earnings rose from 3.7p to 4.9p per share.

The directors said the recent acquisitions of Multicote Painting Contractors and Mitie Cleaning and Maintenance Services should contribute significantly to future growth.

They added that the group would return to the dividend list as soon as was practicable – the last payment was in 1978.

Further advance at Borland Intl

Borland International made a further strong advance in profits in its third quarter to December 31. The pre-tax figure of $4.02m (£2.44m) compared with $845,000 in the previous comparable period.

The latest results followed on from profits of $5.93m in the six months to September 30 against a $5.77m loss in the first half of 1988 when the Californian-based software company, quoted on the USM, restructured to control expenses.

In the latest quarter, revenues rose from $23.65m to $30.2m and for the nine months to December they amounted to $78.44m ($64.64m).

Select Appointments buys back shares

Select Appointments, the USM-quoted recruitment agency, is proposing to buy back 5 per cent of its own shares in order to give them to staff as part of a share incentive scheme. It is hoped that the purchase will also enhance earnings per share.

The proposal needs the approval of shareholders, but the directors, who speak for about 43.3 per cent of Select's shares, have already said they unanimously support the scheme.

Sintrom chief executive resigns

Mr Terry Cave, chief executive of Sintrom, the Reading-based computer services and networking company, has resigned after disagreements with Mr Tom Dalzell, chairman, over management style and the speed of group expansion.

Mr Dalzell said he felt that Mr Cave, formerly the UK managing director of US computer giant Control Data, had a "remote" management style. "It's like putting the captain of an ocean liner in charge of a small ship", he said. He also felt that Mr Cave wanted the company to expand too quickly.

Mr Cave said he was used to subsidiary management having more autonomy than Mr Dalzell would allow.

Soundtracs hit by slack second-half

A second half downturn resulted in reduced profits at Soundtracs, the audio equipment manufacturer, in the year to November 6.

The pre-tax balance dipped from £822,344 to £751,557. The first half had displayed a 30 per cent rise to £417,000.

Mr Todd Wells, chairman of this USM-quoted company, attributed the decline to costs of establishing new markets and some £95,000 spent on additional research

Turnover rose 10 per cent to £4.02m (£3.65m). The recommended final dividend of 1.35p maintains the total for the year at 2.2p on earnings per 5p share of 4.86p (5.32p).

Jarvis more than doubled at £1.07m

Jarvis, the construction and property company, more than doubled pre-tax profits from £453,000 to £1.07m for the half year to September 30.

Mr Harvey Bard, chairman, said Jarvis' gearing of "around 10 per cent of shareholders funds" made it "ideally placed" to take advantage of existing market opportunities.

In spite of declining construction industry demand, turnover also increased, by 75 per cent from £20m to £35m.

After tax of £385,000 (£223,000) earnings per share stood at 3.8p (2.2p). The interim dividend is raised to 0.825p (0.75p).

NORTHERN ROCK
BUILDING SOCIETY
£100,000,000
Floating Rate Notes
Due 1995
Interest Rate:
15⁹⁄₁₆% per annum
◆
Interest Period:
18 January, 1990 to
18 April, 1990
◆
Interest Amount per
£5,000 Note due
18.04.90: £191.87
◆
Interest Amount per
£50,000 Note due
18.04.90: £1,918.66
◆
Agent Bank
Baring Brothers & Co., Limited

HYOSUNG (AMERICA), INC.
US $ 30,000,000 Guaranteed
Floating Rate Notes due 1991
unconditionally and
irrevocably guaranteed by
HYOSUNG CORPORATION
and
TONGYANG NYLON CO., LTD
In accordance with the provisions of the Floating Rate Notes, notice is hereby given as follows:
Interest period: 17th January, 1990 to 17th July, 1990
Interest payment date: 17th July, 1990
Interest rate: 8.50% per annum
Coupon amount: US $ 10,884.03 per Note of US $ 250,000
BANQUE INTERNATIONALE
A LUXEMBOURG
Société Anonyme
Agent Bank

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COMPANY NEWS IN BRIEF

BASS shareholders have approved the acquisition of the Holiday Inn business in North America and a reduction by £170m in the company's share premium account.

BOC GROUP: Mr Richard Giordino, chairman and chief executive, told the annual meeting that the first quarter results would be announced on February 8 and the company was on track for another year of increased profits and earnings.

CITYGROVE is to acquire 75 per cent of Circa Leisure, a leisure and fitness centres concern, for an initial £389,706 with a further amount up to £2m, to be satisfied by loan notes maturing in 1995, dependent on Circa's future pre-tax profits. Citygrove also holds an option to acquire a further 20 per cent stake for £300,000 in cash.

EGERTON TRUST has acquired Ryeford, a Surrey-based housebuilder, for £2.3m cash, having exercised the option bought in November for £300,000.

EPICURE INDUSTRIES has reduced its borrowings by £3.9m, and gearing to 35 per cent. There was a sale and leaseback arrangement for £2.6m and receipt of £1.3m, being the balance of the sale of a company.

FISONS, the pharmaceuticals, horticulture and scientific equipments group, has received acceptances representing 94.5 per cent of the capital in VG Instruments, 69 per cent owned by BAT Industries.

FOSECO has bought the mining product business and certain assets of Chemfix Australia for £3.2m cash. Chemfix makes roof bolt anchorage capsules.

FUTURA has acquired property at Hunters Walk, Chester, for £500,000. It will be held as an investment and negotiations are underway with prospective tenants.

GARTMORE AMERICAN Securities: Net asset value at December 31 was 49.67p. This investment trust reported net revenue of £961,053 for nine months to the end of 1989. Earnings 2.6p per share and interim dividend of 2.5p declared.

GEI INTERNATIONAL has acquired Ateliers Ed Courtoy, a Belgian manufacturer of high-speed tablet pressing machinery, and Oskar Kreiger Maschinen and Metallbau, a Swiss manufacturer of mixing equipment used for processing creams and ointments. Consideration for Courtoy was BFr265m (about £4.6m) cash. Total consideration to be paid for Kreiger was SFr2.9m (about £1.2m) of which SFr2.4m was paid in cash.

GODWIN WARREN Control Systems, which went into receivership last September, said that the Inland Revenue has accepted that the 25p ordinary shares are of negligible value within the meaning of Section 22 (2) of the Capital Gains Tax Act 1979. The shares were suspended at the end of August at 80p.

MARLING INDUSTRIES has established a West German holding and management subsidiary which has paid DM2m for the flexible container division of Gebruder Friedrich, the exclusive distributor of Marling's Mulox IBC range of products in Germany.

PRIMADONA investment trust made pre-tax profits of £205,000 (£69,000) in the half year ended December 31. Earnings 3.73p (1.53p) per share and interim dividend 1.5p (1.25p). Net asset value 216.7p (171.6p).

WIDNEY is raising £700,000 through a conditional placing at 10p, with clawback by existing shareholders on the basis of one share for every 2.7 ordinary shares owned and one for every 99.8p nominal of convertible preference shares.

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INVESTORS IN INDUSTRY GROUP PLC.
Inc. in England under the Companies Acts 1948 to 1967, Reg. No. 1142830
£75,000,000 Floating Rate Notes 1994
For the three month period 17th January, 1990 to 17th April, 1990.
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 15½ per cent. per annum and that the interest payable on the relevant interest payment date, 17th April, 1990, against Coupon No. 22 will be £1,910.96 from Notes of £50,000 nominal and £191.10 from Notes of £5,000 nominal.
S.G.Warburg & Co. Ltd. (Agent Bank)

Mixed reviews for London oil futures late show

Steven Butler samples reactions to longer hours on the International Petroleum Exchange

THE INTERNATIONAL Petroleum Exchange is ending its first week of extended-hours trading with mixed reviews from members of the exchange, many of whom find themselves working 12-hour days in what can be a tension-filled business.

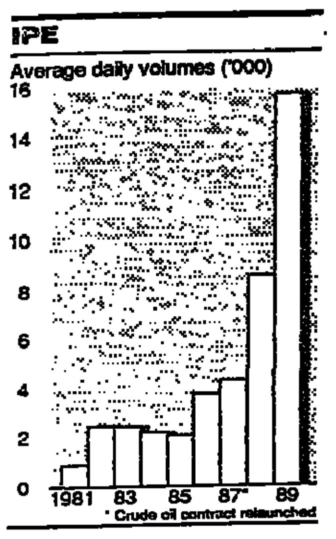
The exchange floor is now open from nine in the morning until eight in the evening, with the extra evening hours added on so the market would close at about the same time as the New York markets

Although many months of trading will be needed for a final judgement, views on the the longer hours appear split between the big international trading firms that can generate extra business in the evening from American customers, and the smaller houses whose clientele is principally in Europe.

"The whole point of it is to get more American business." says Mr Lindsay Horn, of Drexel Burnham Lambert, which is launching a road show in the US in the coming weeks to market IPE futures contracts and drum up business.

"It means you have to go and knock on doors," he says.

The IPE has been a great success story since 18 months ago, when the Exchange relaunched its Brent crude oil contract. The Exchange got the contract specifications right, and coming at a time of high oil price volatility and disenchantment with the great risks of trading on the Brent forward market (where the contract unit is a 500,000-barrel tanker cargo instead of 1,000 barrels on the exchange) the contract was an almost instant success.



The first adjustment to trading hours came when the IPE ditched the quaint practice of closing for lunch last year. That allowed US traders to take positions on the London exchange as soon as they arrived at work, an hour or so before the opening of the New York Mercantile Exchange. The Nymex trades contracts in West Texas Intermediate Crude, as opposed to North Sea Brent Oil, but traders can often make money by taking positions in both contracts, or using one in place of the other. (Both exchanges offer contracts in gas oil, or heating oil, while the Nymex also has a popular gasoline contract.)

However while the US contract has the advantage of exceptionally high liquidity and its wide use in the biggest consuming market, it has drawbacks as well. WTI is not exported and is subject to special factors affecting the US market which may not apply internationally. Last year an anomalous divergence between cash and futures prices developed when there delivery problems. Some US refineries will pay what appears to others an unreasonable premium because their equipment is fine-tuned to process this grade of crude. Production of WTI is also declining.

Brent on the other hand is the most widely traded international crude oil, and can end up in refineries in Europe or in North America. Although Brent too can respond to local factors, such as last year's sudden shutdown of the Brent production system following an accident, it is more likely to reflect broad, international supply and demand factors than WTI.

This is not to suggest that the WTI contract is a feeble instrument, far from it – rather that it does not serve all purposes.

The usefulness of the IPE contract could expand considerably if, as is currently under discussion, Brent oil is blended with Ninian oil, a similar North Sea crude, thus greatly increasing the amount of oil underlying the contract. This would make it nearly impossible for a single trader to squeeze the forward market by buying up all available contracts and thus would reduce risks for traders.

Mr Saeed Barkhordar, an IPE director who has strongly backed the extension of hours, says the evening trading has two principal advantages:

First, big fluctuations in oil prices often occur near to the closing time of the Nymex, thus, at least in theory, leading to a loss of potential trading volume at the IPE since trading tends to surge during times of rapid price movement.

Second, US participants in the oil futures market were discouraged from taking positions in Brent on the IPE because they could protect themselves in event of big price changes in New York after IPE hours. This increased the risk of keeping open positions on the exchange, thus driving away American business.

However not all participants are convinced by these arguments.

"The late session seems to have killed off a certain amount of morning business," says Mr Chris Pugh, of GNI, the futures house.

Previously IPE traders adjusted their positions in the morning in order to take account of the previous night's movement on the Nymex or in the Far East. Although Mr Pugh believes there could still be net increase in trading volume of between 5 to 10 per cent, this would be unlikely to compensate most trading houses, or the Exchange itself, for the extra staff everyone will need to cope with the long working hours, which will require the introduction of shifts.

Mr Pugh says that most of the IPE members are unenthusiastic about the lengthened trading hours, in part because of what it does to their personal lives. For most of the IPE members the extended trading hours may promise little new business because their clients are primarily European and will have gone home in the evening.

Mr Peter Wildblood, IPE chief executive, however, says the first week is an unqualified success. Some 40 per cent of trading now takes place in the evening, he says, and because the balance of trading between morning, noon, and afternoon, has not altered, he believes this is additional business. A 40 per cent rise in trading would certainly make the extension of hours an unqualified success.

Mr Horn says the extended hours haven't affected his working day significantly: Drexel worked late anyway to monitor the US and cash markets.

Even before trading hours were extended, few observers doubted the IPE was still on a growth path and continued growth *per se* is no way to measure the impact of extended trading. In the long run, success will be measured by how many new US customers are brought in and any increase in the proportion of exchange trading coming from US sources.

EC seeks to defuse 'cattle madness' row

By Bridget Bloom, Agriculture Correspondent

THE FOOD and animal health scares which have dogged the British Government for much of the past year will assume a political dimension within the European Community next week when Agriculture Ministers try to resolve the hitherto largely technical controversy between the UK and Germany over the so-called "mad cow" disease, bovine spongiform encephalopathy.

Farm ministers will be asked by the European Commission to endorse proposals which it sees as treading a middle road between German contention that unless EC rules are tightened imports of British beef could present a health hazard to German consumers and Britain's assertion that its beef exports are perfectly safe.

The Commission will ask the Ministers to act on two fronts: tightening the rules to prevent the export from Britain of all live cattle – for slaughter or for breeding – over the age of six months and in return, asking Germany to lift its import restrictions on British beef.

The controversy over BSE, a disease of the nervous system which has killed over 9,000 cows in Britain, where it appears unique, has rumbled on since early November. Bonn's initial ban on all UK beef exports was amended in mid-December to permit only imports of boneless beef with all nervous tissue removed.

Following a Commission decision in July 1988, exports of live cattle from Britain have been confined to animals born after that date.

Britain has respected the restrictions on live cattle exports but insists that no more are needed. On beef its reply has been that its measures to control BSE, which include the destruction of infected cattle and mandatory removal of suspect offals, mean beef exports are safe.

Farm ministers are being asked to try to resolve the issue following the failure of the EC's expert Standing Veterinary Committee to do so in three meetings, the last of which ended on Wednesday. To prevent the proposal to tighten restrictions on live cattle exports becoming law, seven member states must oppose it. Only three supported Britain this week in the SVC.

On beef exports, the dispute focuses on the findings of an scientific report to the SVC. Britain asserts that this supports its contention that current safeguards are sufficient while German officials claim the report acknowledges that they do not go far enough.

In 1988 UK beef exports to the EC were worth £208m, while 266,000 animals worth £43m were exported.

Maize farmers seek action on US subsidies

By David Buchan in Brussels

EC MAIZE producers yesterday stepped up their call for their complaint against US subsidies for ethanol manufacture, which as a by-product produces cheap maize gluten for animal feed that has been shipped to Europe, to be taken to the General Agreement on Tariffs and Trade

Mr Marcel Cazale, president of the Confederation of European Maize Producers, said the recent Gatt panel ruling against the EC for paying oilseeds subsidies was "very encouraging" as a precedent. EC maize producers had seen duty-free imports of cheap maize gluten rise from 100,000 tonnes in 1979 to 5m tonnes a year later, and they could not wait until the end of the Uruguay Round of the Gatt talks for action, Mr Cazale told his organisation's annual meeting.

The US Government has subsidised the production of ethanol as a clean alternative fuel to petrol. This process, the European maize producers claim, has yielded "as a practically free by-product vast quantities of maize gluten that are exported to the EC duty free under arrangements struck before gluten production was significant."

Pakistan admits to sugar shortage

By Christina Lamb

PAKISTAN IS being forced to import sugar to combat an impending shortage caused by rapidly increasing demand, and a shortfall in production both last year and this. Mr Asif Khan Junejo, Chairman of the Trading Corporation of Pakistan, said "we have a substantial need," but refused to release the exact amount required, fearing speculators would move in. Pakistan sugar traders in Karachi say they expect it to be in excess of 300,000 tonnes.

Yesterday the Trading Corporation of Pakistan began advertising for world-wide tenders to import an unspecified amount to be delivered by March 16 in preparation for Ramadan, when demand is heaviest, and another supply for April to July.

The tenders will be opened on January 27.

Rumours of the decision to import helped push up London white sugar futures to an eight-year high last Friday and Mr Junejo said the amount imported would depend on the price: "We have to make sure this is the appropriate time. Price increases over the last two weeks mean we might find it too expensive."

He admitted, however, that not only had Pakistan started the sugar year in October with a deficit, so that instead of carrying over the usual 300,000 tonnes it faced current needs for 80,000 tonnes of imports and a further requirement 300,000 tonnes to rebuild up stocks, but that "we expect there may well be a shortfall in this year's production."

The decision came as a surprise after Finance Ministry forecasts of a bumper crop. An earlier crisis in the autumn when prices rose by 40 per cent because of a shortage which the Government blamed on hoarding by sugar mill owners, most of whom are political opponents, was thought to have been dealt with by the import of 80,000 tonnes from Thailand and China and the French firm Scud.

According to the Federal Bureau of Statistics, sugar imports rose sharply to 166,601 tonnes in the six months since July compared with 24,865 a year earlier.

The Government has forecast production of 2.05m tonnes in the sugar year that began October 1, against last season's 1.78m, but the Pakistan Sugar Mills Association say this is over-optimistic and point out that even on government figures consumption is now estimated at 2.2m tonnes. Demand has been rising at more than 6 per cent a year and the National Commission of Agriculture estimates that by the end of the decade it will surpass 3.2m.

Mr Junejo claims that a rising population and increased prosperity has in fact put up this year's demand by more than 10 per cent. Pakistan still has one of the world's lowest annual consumptions of sugar at 18 kg a head, compared with an average of over 50 kg in developed countries.

The Government has not faced up to the fact it is losing the battle to achieve self-sufficiency in sugar and policy has been confused.

The last government gave tax incentives to mill owners which made crushing the country's most profitable legal industry, licences going to President Zia's political cronies. More than three-quarters of Pakistan's 45 sugar mills are owned by politicians who are now in opposition.

When Benazir Bhutto's Government abolished duty on imported sugar and withdrew concessions to the domestic industry last June, home producers complained that it was a deliberate political act aimed at squeezing her opponents, particularly Mr Nawaz Sharif, head of the opposition coalition, whose family owns one of the country's largest mills. The abolition of tax concessions was made retrospectively and Mr Sharif found himself with a Rs80m (£2.2m) tax bill which he has challenged in court.

Sugar mill owners argue that the withdrawal of concessions will mean no incentive for higher production so there will be shortages and less revenue. The Government maintains that it had to remove import duty because of rising international prices and claims that there is no shortfall but that mill owners are hoarding to try to get best possible price and embarrass the Government.

Both sides agree, however, that a main cause of the problem is the large amount of smuggling into neighbouring countries of Afghanistan, India and Iran, taking advantage of Pakistan's leaky borders, the large black market and subsidised prices. Mr Abbas Bhai of the Karachi Merchandise Group of commodity traders said "there is no need for sugar imports if the Government stops smuggling."

No government has so far managed to crack down on smugglers and Mrs Bhutto, running an increasingly impotent administration, is already maintaining a delicate balance which she dare not upset by taking on the powerful tribal chiefs.

Big Canadian lead/zinc mine closes

By Bernard Simon in Toronto

FALLING PRICES and high production costs have forced Cominco, the Canadian metals producer, to close its big lead and zinc mine at Kimberley, British Columbia.

Vancouver-based Cominco, one of the world's leading zinc producers, said the Sullivan mine would close indefinitely on January 31, putting 800 people out of work, equal to about 10 per cent of the company's total workforce. The mine lost C$4.6m (£2.4m) in the last two months of 1989, the company said.

For the past 80 years, Sullivan has been the main supplier of zinc and lead concentrates to Cominco's nearby smelter at Trail. The mine produced 372,000 tonnes of concentrate in 1988. Feedstock from Sullivan will be replaced from Cominco's rich Red Dog mine in north-west Alaska, which began operations late last year, and by other foreign suppliers.

Last July, Cominco cancelled a C$130m expansion of zinc capacity at Trail after failing to persuade the British Columbian Government to reduce the cost of water for power generation. Cominco said Sullivan's economics "will be continually monitored and reviewed."

Volume rises expected to boost Australian earnings

By Chris Sherwell in Sydney

AUSTRALIAN commodity export earnings are expected to rise 7 per cent in the current year as higher mineral earnings outweigh a deterioration in agricultural exports and increases in volumes offset price falls.

The forecast, which covers the year to June 1990, comes from the Australian Bureau of Agricultural and Resource Economics, the Canberra Government's key commodities research arm.

Its findings are critical in assessing the prospects of a narrowing in the country's chronic balance of payments deficit, which stands at a record high level of more than 5 per cent of gross domestic product.

According to the bureau, overall commodity exports are expected to reach A$39bn (£18m) in 1989-90, up from A$36.4bn in the year to June 1989. Unlike last year, however, when the increased earnings were due entirely to higher export prices, the projected rise in 1989-90 is a reflection of higher anticipated export volume.

"Export prices of Australian commodities are expected to fall marginally in 1989-90, despite the assumption of a 4 per cent fall in the value of the Australian dollar," the bureau says. "However the volume of exports is forecast to rise strongly, by 8 per cent, reflecting increased production levels, particularly in the mineral resources sector."

The value of minerals resources exports is expected to rise 18 per cent to A$24.2bn, and will come mainly from coal, crude oil, liquid natural gas, alumina, iron ore and gold. Large falls are expected for alumina and uranium.

The outlook for rural exports, on the other hand, "has deteriorated considerably in recent months," the bureau says, and is now forecast to decrease by six per cent to A$14.9bn. Volumes are expected to fall 5 per cent, continuing a trend evident for the past two years.

The main factor responsible is a large fall in wool exports, which are expected to drop by a third to A$4bn. This will more than offset significant increases from meat and dairy products, sugar and cotton.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL resumed its major bear trend on the LME yesterday, with three-month metal shedding $450 to close at a fresh two-year low of $6,517.50, equivalent to $2.96 a lb. Merchant liquidation, fresh selling and consumer destocking of unwanted metal all contributed to the decline. Three-month aluminium failed to hold above the $1,550 chart support level in the morning, and further selling emerged during the afternoon to take the price back down to Tuesday's closing level. Zinc prices closed down, but above the day's lows; a little buying interest emerged on news that Peru's Cerro de Pasco zinc/lead mine was paralysed by strike action, dealers said. Copper prices also eased. Analysis said the base metals complex appeared to be in general retreat which could be halted only by a surge in demand or production cuts.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.50-6.60z	+0.45
Brent Blend	$19.50-9.55z	+0.40
W.T.I. (1 pm est)	$21.57-1.60z	+.415
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$212-213	
Gas Oil	$179-181	+4½
Heavy Fuel Oil	$93-95	-2
Naphtha	$193-194	+4½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$413.00	+2.75
Silver (per troy oz)♣	526c	+3
Platinum (per troy oz)	$500.8	+3.8
Palladium (per troy oz)	$135.75	+0.15
Aluminium (free market)	$1535	
Copper (US Producer)	108⅝-103c	+½
Lead (US Producer)	*40.5c*	
Nickel (free market)	320c	-15
Tin (Kuala Lumpur market)	17.88r	+0.03
Tin (New York)	308.0c	-4.5
Zinc (US Prime Western)	68¼c	
Cattle (live weight)†	110.80p	-1.62*
Sheep (dead weight)†	198.01p	+3.77*
Pigs (live weight)†	81.34p	+5.85*
London daily sugar (raw)	$341.8x	-8.6
London daily sugar (white)	$419x	-14
Tate and Lyle export price	£322	-3
Barley (English feed)	£116	
Maize (US No. 3 yellow)	£128.5	
Wheat (US Dark Northern)	£130	
Rubber (spot)♥	53.0p	+0.5
Rubber (Feb)♥	55.00p	+0.25
Rubber (Mar)♥	56.00p	+0.25
Rubber (KL RSS No 1 Feb)	223.5m	-0.5
Coconut oil (Philippines)§	$432.5t	
Palm Oil (Malaysian)§	$280w	
Copra (Philippines)§	$280	
Soyabeans (US)	£172	+1
Cotton "A" index	74.9c	+0.6
Wooltops (64s Super)	573p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	627	631	640 626
May	638	645	654 636
Jul	655	659	666 654
Sep	671	674	684 669
Dec	694	697	704 692
Mar	710	714	721 709
May	724	728	734 724

Turnover: 9202 (6658) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 17 756.82 (757.26):10 day average for Jan 18 755.57 (753.11)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	571	575	575 570
Mar	591	597	597 588
May	605	611	613 604
Jul	623	630	630 622
Sep	641	649	649 640
Nov	658	665	668 658
Jan	678	684	685 678

Turnover: 4760 (5106) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 17: Comp. daily 61.18 (60.36). 15 day average 63.13 (63.37)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	319.00	317.60	319.20 315.40
May	319.00	317.40	319.00 315.60
Aug	316.40	315.20	316.60 313.40
Oct	309.00	307.60	308.60 305.20
Dec	310.00	306.00	300.00
Mar	290.00	290.00	290.00
White	**Close**	**Previous**	**High/Low**
Mar	415.0	418.0	423.5 413.5
May	415.0	417.0	416.0 413.0
Aug	418.0	419.5	418.0 415.3
Oct	387.5	388.5	387.0 383.5
Dec	362.0	363.5	361.0 359.5
Mar	357.5	-	356.0 354.0

Turnover: Raw 2340 (5281) lots of 50 tonnes. White 1879 (2535)
Paris- White (FFr per tonne): Mar 2410, May 2420, Aug 2470, Oct 2280, Dec 2160, Mar 2130.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	19.50	19.17	19.58 19.35
Apr	18.98	18.88	19.04 18.87
IPE Index	19.27	19.32	

Turnover: 5848 (7688)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Feb	172.75	170.50	174.00 171.50
Mar	166.50	165.25	167.75 165.50
Apr	162.50	160.25	163.50 161.50
May	161.00	158.50	161.50 159.75
Jun	160.00	158.25	161.00 158.50
Jul	160.25	158.75	160.50 158.50

Turnover 8944 (12680) lots of 100 tonnes

FRUIT AND VEGETABLES

There is an abundance of Cape and Chilean peaches at 18-25p each (25-45p) and nectarines at 20-30p (25-45p), reports FFVIB. Bananas are great value 38-58p a lb. Cox's 35-45p. French Golden Delicious 28-40p and English Bramley cooking apples 30-38p remain good value. Grapefruits are 10-25p each, kiwifruit are 12-25p, oranges 10-15p and pineapples £1.10-2.40. Imported new potatoes are 25-38p a lb. Maris Piper 10-15p, King Edward 14-18p and Romano red 14-18p. Parsnips 25-40p, carrots 10-28p and cabbages 15-35p. Best salad buys are tomatoes 65-90p, cucumbers 55-75p each and English watercress 35-45p a bunch.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 22,075 tonne
Cash	1512-7	1541-3	1536	1536-7		
3 months	1526-30	1553-4	1558/1528	1550-1	1530-2	31,959 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,600 tonne
Cash	1441-3	1450-2	1448/1430	1448-9		
3 months	1449-50	1460-1	1459/1438	1458-7	1442-3	61,687 lots
Lead (£ per tonne)						Ring turnover 7,950 tonne
Cash	426-7	426-8	427	426-6.5		
3 months	419-20	419-20	420/417	419.5-20	417-8	9,867 lots
Nickel ($ per tonne)						Ring turnover 2,136 tonne
Cash	6650-75	7200-20	6900/6650	6830-50		
3 months	6510-25	6960-75	6925/6510	6730-50	6525-50	6,549 lots
Tin ($ per tonne)						Ring turnover 825 tonne
Cash	6640-60	6645-65	6740/6720	6720-1		
3 months	6750-70	6780-70	6820/6770	6800-20	6740-70	8,378 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 11,175 tonne
Cash	1254-7	1260-2	1252/1250	1250-2		
3 months	1263-5	1273-5	1265/1245	1260-1	1255-8	15,202 lots
Zinc ($ per tonne)						Ring turnover 1,850 tonne
Cash	1240-50	1260-5		1242-5		
March 30	1210-20	1230-40	1242	1210-20		1,364 lots

LME Closing £/$ rate:
SPOT: 1.6455 3 months: 1.6187 6 months: 1.5923 9 months: 1.5692

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Feb	145.0	145.0	
Apr	199.1	200.5	201.8 199.0
May	224.8	226.0	226.5 224.0

Turnover 116 (153) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	136.60	136.00	
Apr	137.50	137.50	137.00

Turnover 28 (100) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Jan	1679	1673	1678 1665
Feb	1676	1674	1680 1665
Apr	1696	1688	1697 1680
Jul	1440	1432	1440 1425
Oct	1515	-	1525 1523
Jan	1518	-	1525 1520
Jul	1335	-	1335
BFI	1664	1662	

Turnover 611 (263)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Jan	113.40	113.25	112.90 112.75
Mar	116.25	116.15	116.00 115.70
May	120.20	120.10	120.20 119.80
Nov	109.15	-	109.15
Barley	**Close**	**Previous**	**High/Low**
Jan	109.50	108.75	108.50 108.25
Mar	111.00	111.10	111.00 110.50
May	113.00	113.00	113.00 112.50

Turnover: Wheat 160 (132), Barley 333 (114). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	102.1	102.0	102.0
Apr	106.5	106.0	106.0

Turnover 34 (20) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	412¾-413¼	250½-251
Opening	414-414½	252-252½
Morning fix	413.60	251.154
Afternoon fix	413.40	251.002
Day's high	415-415½	
Day's low	412¾-413¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	421-426	255-258
Britannia	421-426	255-258
US Eagle	421-426	255-258
Angel	421-426	255-258
Krugerrand	412-415	250-252
New Sov.	98½-98½	59-60
Old Sov.	98½-98½	59-60
Noble Plat	506.80-514.65	307.60-312.50
Silver fix	**p/fine oz**	**US cts equiv**
Spot	320.30	527.00
3 months	332.25	537.70
6 months	344.35	548.60
12 months	367.75	570.80

TRADED OPTIONS

Aluminium (99.7%)	Calls Mar	Calls May	Puts Mar	Puts May
Strike price $ tonne	Mar	May	Mar	May
1450	85	96	8	19
1550	25	40	45	60
1650	4	13	123	129
Copper (Grade A)	**Calls**		**Puts**	
2250	134	136	22	56
2350	71	84	57	101
2450	31	48	115	162
Coffee	**Mar**	**May**	**Mar**	**May**
550	44	64	4	9
600	13	32	23	27
650	2	14	62	59
Cocoa	**Mar**	**May**	**Mar**	**May**
600	37	58	10	20
650	12	31	35	43
700	3	14	76	76
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1900	57	65	23	70
1950	43	44	42	
2000	23	25	67	25

US MARKETS

ALL OF THE metals closed lower reflecting a very strong US dollar, reports Drexel Burnham Lambert. Gold and silver futures had the most active days. In the softs, cocoa prices fell sharply due to heavy commission house liquidation. The March contract lost 35 to close at 937. Sugar trading was choppy but volume was less than previous days. Coffee closed firm from some speculative buying. The grain markets were mixed. Soybeans gained due to increased commercial activity. Sell stops pushed wheat futures lower. The oil, meal and corn markets were slow. The livestocks had lower belly prices due to sell stops. Spillover selling weakened the hogs while a steady cash market was supportive to cattle. Orange juice prices sank limit down from the weak expiration of the January contract. Cotton slipped on local activity. Short covering rebounded the energy complex after wednesdays sharp declines.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	410.2	412.5	0	0
Feb	411.2	413.7	418.4	410.9
Mar	413.7	416.2	0	0
Apr	416.7	419.1	422.0	416.3
Jun	421.9	424.1	427.0	421.7
Aug	425.6	428.9	431.0	431.0
Oct	431.9	433.9	436.5	434.5
Dec	437.0	438.9	441.5	436.0
Feb	442.2	444.0	442.0	442.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	493.6	497.1	500.0	498.0
Apr	500.1	504.1	508.0	498.2
Jul	506.6	510.6	513.2	505.0
Oct	513.8	517.9	520.0	517.5
Jan	521.3	525.4	0	0
Apr	529.3	533.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	519.0	525.6	520.5	520.0
Feb	519.8	526.1	0	0
Mar	524.0	530.8	533.4	523.5
May	532.4	538.9	541.5	529.5
Jul	539.8	546.4	549.0	540.0
Sep	549.2	555.1	557.5	550.0
Dec	561.0	566.7	568.0	560.0
Jan	565.4	570.2	0	0
Mar	573.4	578.8	576.0	576.0
May	581.3	588.6	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 18	Jan 17	mnth ago	yr ago
1799.6	1792.0	1817.2	1974.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 17	Jan 16	mnth ago	yr ago
Spot	128.80	128.96	127.69	140.00
Futures	130.41	129.58	129.84	145.80

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	103.25	104.80	104.30	103.30
Feb	102.80	104.40	102.60	102.60
Mar	102.35	104.00	104.60	102.00
Apr	101.70	103.25	0	0
May	101.30	102.75	103.00	101.20
Jun	100.80	102.25	100.70	100.70
Jul	100.40	101.85	102.00	101.00
Aug	100.05	101.50	0	0
Sep	99.60	101.00	100.80	100.50
Oct	99.20	100.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	22.65	22.10	22.75	22.30
Mar	21.48	21.26	21.67	21.40
Apr	20.89	20.70	21.08	20.85
Jun	20.08	19.95	20.22	20.05
Jul	19.77	19.63	19.86	19.74
Aug	19.48	19.37	19.63	19.40
Sep	19.28	19.14	19.35	19.20
Oct	19.18	18.98	19.29	19.00
Nov	19.00	18.85	19.16	19.00

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	6175	6052	6300	6060
Mar	5825	5782	5940	5765
May	5460	5390	5475	5415
Jun	5330	5280	5365	5280
Jul	5275	5230	5325	5260
Aug	5340	5265	5360	5300

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	937	972	0	936
May	943	970	0	942
Jul	960	985	0	959
Sep	974	997	1001	974
Dec	1000	1023	1022	1000
Mar	1023	1040	0	1021
May	1033	1050	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	78.37	78.76	81.20	78.30
May	80.95	80.56	81.20	80.10
Jul	83.00	82.40	83.00	82.20
Sep	84.90	84.50	84.90	84.00
Dec	87.35	87.00	87.50	86.80
Mar	89.50	89.50	89.50	89.50
May	91.25	91.50	91.50	91.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.41	14.90	14.47	14.27
May	14.38	14.68	14.48	14.25
Jul	14.24	14.54	14.24	14.10
Sep	13.44	13.63	13.50	13.40
Oct	13.14	13.13	13.14	13.02
Mar	13.04	13.00	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	66.43	66.90	67.20	66.05
May	67.45	67.40	67.65	67.00
Jul	67.65	67.30	68.20	67.30
Oct	65.60	65.75	65.75	65.25
Dec	64.12	64.30	64.45	64.01
Mar	65.80	65.60	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	190.70	198.20	198.00	189.50
Mar	195.60	200.50	198.70	196.50
May	193.05	199.80	199.60	194.80
Jul	194.95	199.00	198.00	194.00
Sep	193.00	198.90	197.00	191.25
Nov	191.00	195.00	192.00	190.00
Jan	190.00	196.00	188.25	188.25
Mar	188.20	195.90	0	0
May	188.20	195.90	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	560/6	558/0	561/0	557/4
Mar	570/2	567/4	571/0	567/0
May	583/6	581/2	584/4	580/4
Jul	595/2	593/0	596/0	592/0
Aug	598/4	595/0	599/0	595/4
Sep	596/0	593/4	842/0	594/6
Nov	602/2	600/4	603/4	599/6
Jan	612/0	611/0	612/2	609/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	19.03	18.94	19.09	18.95
Mar	19.23	19.17	19.29	19.16
May	19.56	19.51	19.63	19.50
Jul	19.84	19.75	19.90	19.75
Aug	19.92	19.77	19.93	0
Sep	19.96	19.80	19.90	19.85
Oct	20.00	19.82	20.00	19.88
Dec	20.08	19.94	20.07	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	170.3	170.6	171.2	169.7
Mar	173.5	173.4	174.2	173.0
May	175.6	175.7	176.8	175.3
Jul	178.4	178.6	179.3	178.1
Aug	179.8	179.8	180.5	179.5
Sep	180.3	181.1	182.0	180.8
Oct	182.0	182.0	183.0	181.7
Dec	184.8	184.8	185.3	184.3

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	242/0	241/4	242/2	241/2
May	248/2	247/6	248/2	247/0
Jul	252/6	252/2	252/6	251/2
Sep	252/2	250/6	252/2	249/6
Dec	249/6	248/0	249/4	247/0
Mar	256/0	254/4	256/0	253/0
May	259/6	258/0	259/6	257/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	397/6	401/0	402/0	395/4
May	378/6	380/0	380/0	375/2
Jul	352/6	355/0	0	351/0
Sep	357/4	359/4	360/2	356/4
Dec	368/6	370/4	371/4	368/2
Mar	374/4	376/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	78.80	78.22	78.90	78.25
Apr	77.00	76.87	77.20	76.72
Jun	72.30	72.17	72.47	72.10
Aug	71.32	71.27	71.47	71.10
Oct	72.32	72.07	72.46	72.10
Dec	72.85	72.55	72.80	72.55

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	49.60	49.77	50.30	49.52
Apr	48.10	47.80	48.60	48.00
Jun	52.96	52.80	53.45	52.85
Jul	52.82	52.86	53.36	52.75
Aug	51.02	51.20	51.75	50.95
Oct	45.40	45.40	45.80	45.40
Dec	46.75	46.85	47.02	46.70
Feb	46.90	46.87	47.25	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	55.82	56.42	57.55	55.20
Mar	55.90	56.90	58.00	55.80
May	57.25	58.60	58.50	57.20
Jul	57.35	58.40	59.75	57.50
Aug	58.72	58.40	57.70	55.90
Feb	58.50	58.42	59.65	58.50
Mar	58.50	56.60	0	0

LONDON STOCK EXCHANGE

London follows world market trends

THE FRAGILE confidence of the London equity sector was shaken yesterday by setbacks in other world markets and by another poor session in UK bonds. Share prices almost went into free fall at mid-session when traders scented another weak opening on Wall Street, and the loss on the Footsie reached nearly 48 points at the day's low point. However, selling was moderate, and the Index loss was reduced by some determined bargain-hunters towards the very end of the trading session.

The final reading showed the FT-SE Index at 2,336.9, down 37 points on the day. The day's loss, *which more than wiped* out Wednesday's rally and brought the net loss on the week to 43.2 points or 1.8 per cent on the Footsie, reflected some selling, but also substantial marking down operations by marketmakers – an increasing feature of a London equity market where liquidity *has* been reduced by the struggle for profitability in a clearly overcrowded market.

Account Dealing Dates		
First Dealings:		
Dec 27	Jan 16	Jan 29
Option Declarations:		
Jan 11	Jan 25	Feb 8
Last Dealings:		
Jan 12	Jan 26	Feb 9
Account Day:		
Jan 22	Feb 5	Feb 19

*New time dealings may take place from 9.00 am two business days earlier

Trading volumes were extremely thin when the market was suffering the worst of the setback – barely 300m shares had traded by 2.00pm. Marketmakers were lowering quotations to find a support level, and share prices turned swiftly when Wall Street steadied from its initial fall. Buyers quickly appeared in London and although the recovery was checked by another downtick on Wall Street, the final Seaq volume total of 450.2m shares bore witness to the late support.

Other bearish factors *included the* withdrawal of Thomson CSF, the French electronics group, from the dwindling list of possible bidders for Ferranti, the ailing British defence company, by disappointment at the non-appearance of a large acquisition predicted by some sources, and by reports that two members of the US Federal Reserve Board had rejected calls for an easing in credit policy. A final blow to equities came when Goldman Sachs advised US clients to reduce the balance of equities in portfolios in favour of cash.

The trend for London was set early when US stocks trading in Europe began to extend the losses of the overnight session. New York-orientated stocks, including ICI and Glaxo, fell sharply, and there were further downgradings by brokers of profit estimates for leading British companies as the market continued to brace itself for the round of 1989 trading statements.

Data on domestic unemployment and wages trends were in line with forecasts, but analysts referred to a shift in expectations on domestic interest rates. While any rise in base rates is still thought unlikely, unless sterling comes under further pressure, the date for any reduction has been "moved further and further away," according to Mr *Bill Smith* at Prudential-Bache.

Ferranti in new setback

The tale of woe at Ferranti, the beleaguered defence electronics group, grew even worse yesterday as Thomson-CSF, the French electronics company regarded as Ferranti's last hope for a full bid, abandoned interest in the UK group. Ferranti shares slumped 11 to 26p with turnover expanding to 18m. The shares have fallen from the 90p area since the news last autumn of a £215m loss relating to International Signal, the Ferranti subsidiary.

Mr Brian Newman, electronics analyst at Henderson Crosthwaite, said: "Thomson was the last of the serious bidders, and it now looks as if the £187m rights issues will be triggered, with Ferranti likely to remain independent under new management." Others once mentioned as possible rescuers include British Aerospace and Daimler Benz.

He expected Ferranti to reveal further asset disposals in Italy and the US and to seek joint ventures in other areas of its business. But he added that GEC could emerge as a dark horse and take a stake in Ferranti of anything from 25 to 35 per cent.

Mr Chris Tucker of Kitcat & Aitken said the outlook for Ferranti looked bleak: "Perhaps we should be looking for a rescue rather than a takeover."

Gas downgraded

Recent suggestions of imminent downgradings of British Gas proved accurate when dealers became aware of at least two first thing yesterday, accompanied by some aggressive selling of shares.

The downgrades, instigated by S.G. Warburg Securities and UBS Phillips & Drew, were accompanied by sizeable selling pressure. Gas was said by dealers to have addressed analysts on Wednesday evening.

Warburg cut estimates for the current year from £1.13bn to £990m and altered its stance from buy to hold. The dividend forecast was unchanged. UBS shifted its forecast from £1.05bn to £980m, retaining the dividend estimates, citing the effects of the warm weather on Gas's profits.

More downgrades are expected over the next few days, according to traders. Gas shares fell back 7 to 221p with turnover reaching 21m, well above usual levels for the stock.

A warning from Standard Chartered Bank that profits for 1989 will not match the £313m of 1988 sent the bank's shares sliding early although a good and sustained rally developed later.

The shares, unsettled from the outset by fears of bad news, hit a day's low of 540p before bouncing to end a net 12 off at 551p. Turnover was an unexceptional 2.5m shares.

Standard told shareholders it had been hit by bad debts in the UK, business problems in Australia and the suspension of interest payments by Brazil.

But dealers and analysts said they were relieved that the news contained nothing worse than the profits warning, "hence the bounce in the share price," said one trader. Some analysts had already lowered their profits forecasts to the £300m range. And the 35p dividend "looks pretty secure," said another banks specialist.

Worries over the profits growth from Aids drug Retrovir continued to undermine Wellcome, 16 lower at 716p. Earlier in the week the US Food and Drug Administration said doses should be halved.

The warning from analysts at Smith New Court that growth in profits from ulcer drugs could slow more quickly than previously thought left Glaxo down 23 at 748p and Smithkline Beecham "A" 10 off at 577p. However, some securities houses, including Nikko Securities, publicly disagreed with the Smith assessment.

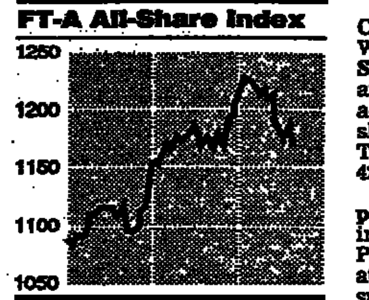
Reuters was one of only two FT-SE 100 stocks to show an improvement on the day. Dealers said that there was persistent demand from US securities houses, possible because they had sold the stock heavily in New York the previous night and were levelling their books in London. The shares firmed a penny to 1019p.

RTZ weakened quickly in that wake of downgradings from County NatWest, Woodmac earlier in the week and Smith New Court yesterday. Both expressed concern at the falling copper price. RTZ fell 23 to 548p.

The recent strong run by Burmah, on the back of stories that SHV has been adding to its 9.14 per cent stake, came to an abrupt halt yesterday with Burmah retreating to 653p at one point after sustained selling pressure.

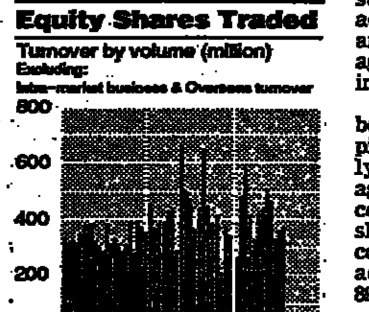
More sanguine dealers pointed to the recent withdrawal from the market of Citicorp Scrimgeour Vickers, known to have held positive views on the Burmah/Calor/Premier trio, and said that the selling could well have represented the liquidation of Citicorp's book positions in all three stocks. By the close, Burmah had steadied to close a net 20 lower at 658p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



BP and Shell were unsettled by "topslice" advice by Smith New Court, with BP 5 off at 327p on 7.7m shares and Shell 1¼ easier at 458¼p on 5.3m. Traders noted strong support for Shell at lower levels with one of the leading agency brokers said to have been pushing the shares.

Hunterprint fell back sharply after revealing that it was selling a printing division. The market had caught a whiff of an imminent announcement earlier in the week and jumped to the conclusion that a bid was in the offing. The shares started the week at 160p and moved as high as 220p on Wednesday. Yesterday's announcement included a warning that competition in the financial printing market had become increasingly difficult, and spoke of an unexpected loss in the second half of last year, senior management changes and a sharp cut in the dividend. The floor fell from beneath the share price which slumped 60 to 130p. At that price, buyers moved in and dealers mentioned a single transaction of 350,000 shares, or 1.2 per cent of the company, at 130p.

Paper supplier Robert Horne slipped on the absence of developments in talks on a possible offer for the company. The "A" shares fell 30 to 320p and the ordinary closed 32 lower at 468p.

The loss of the Prudential Corp advertising account on Wednesday continued to hurt Saatchi and Saatchi, down 11 at 331p. The new holder of that account, Lowe, eased after a sharp rise the previous day. The shares ended 7 cheaper 426p.

Some 4¼m United Newspapers shares were placed with institutional clients of UBS Phillips & Drew and Cazenove at 425p. The placing was oversubscribed, by some 3½ times according to marketmakers, and the shares held up well against the market trend, closing 3 lower at 438p.

Pearson performed slightly better than the market, slipping 8 to 729p ahead of an analyst's meeting today. An agency broker was said to have conducted a cross of 400,000 shares which, by Seaq's double counting method, would have accounted for most of the 895,000 final turnover figure.

Emap only lost a penny to 229p with dealers saying a trade of 1m Emap shares earlier in the week had cleared the market out of stock.

One securities house bought Bunzl heavily, leaving the rest of the market short, and the shares ended unchanged at 133p. Dealers said that Bunzl might be buying in its own shares.

Analysts at S.G. Warburg cut their profit forecasts for advertising agency FKB. They cited heavy investment in a US unit, FKB Direct, management changes at one UK operation, and losses at another involved in business-to-business mail order. The new forecast for current year profits is £10.25m, compared with a previous estimate of £13.75m. FKB shares fell 16 to 193p.

US investors maintained their interest in Blue Arrow as the shares eased 2¼ to 94p on turnover of 1.4m.

Stores were mostly resilient against the market's decline, having been particularly weak in recent days, and losses were mostly limited to a few pence. One exception was Burton which held its annual meeting yesterday. Sir Ralph Halpern, the chairman, told shareholders that 1990 was "going to continue to be tough." The shares slipped 9 to 204p on good volume of 3.3m shares.

Scottish and Newcastle lost 7 to 333p, as the market continued to wait for the long expected placing by Elders IXL of its 22 per cent stake.

Guinness resisted the market's weakness for most of the day and eventually closed just a penny cheaper at 663p. Some dealers said that the long-running court dispute at 24 per cent owned LVMH, the French luxury goods group, might be concluded today.

The food manufacturing sector's losses were limited with its defensive *qualities* coming into play as the stock market lost ground. RHM eased a penny to 438p, as some investors focused on the possibility of a bid. Fitch Lovell was underpinned by news that it had sold Jacksons of Piccadilly to Associated British Foods for an undisclosed price. Fitch bought the business for £1.7m in 1985. "This is of some significance as it shows AB Foods is on the acquisition trail, if only in a small way," said one analyst. Fitch finished a penny off at 239p, while AB Foods ended 2 lower at 409p.

Mr David Lang at Henderson Crosthwaite lent support to Dalgety, estimating that in the first half to December, profits amounted to £57.5m, compared with £51.7m in the same period last year. An increase in egg prices, improvements in produce and pig farming led Mr Lang to look for "solid interim results" from Dalgety. "There are a lot of good things happening to Dalgety," he said. Dalgety finished 4 lower at 397p.

Property shares remained thinly dealt as interest rate worries persisted. Rockfort fell 9 to 46p following a profit warning, while Mountleigh slipped 4 to 157p, after a drop in interim profits to £20.4m from £24.8m last time.

Barry Wehmiller announced the acquisition of subsidiaries from Melville and Renold in the morning, and issued fresh shares to pay for them. This brought the price down from 305p to 296p. Dealing was sluggish, with marketmakers reporting little trade.

Dealers said they thought the issue would be oversubscribed. Renold closed only a penny easier at 94p, and Melville, one of the day's best performers, rose 8 to 133p.

GKN dropped 11 to 424p. One marketmaker said it had been a "fashionable stock recently - all the marketmakers had them and they have probably still got them." Lucas fell 13 to 639p, amid worries about the effect of the Boeing strike on profits.

Simon Engineering outperformed the market, losing 4 to close on 379p. The shares had been hurt by worries of a construction project in Soviet Armenia.

Trade in British Steel was brisk, as talk of a possible bid for the German company Hoesch, due to publish its results today, went through the market. British Steel were at one point down 5, but recovered as the day progressed to close 3 easier at 132p.

Wednesday's star-performer Avon Rubber retreated as Trelleborg said it had no intention of making a bid at present. The shares dropped 22 to 508p.

English China Clays enjoyed a rally from a low of 438p, raising their price by 3 for the day at 445p and considerably outperforming the market. Analysts could find little reason for this, except perhaps that the stock had previously been oversold. Volume was a low 728,000.

Vickers, the subject of renewed interest earlier in the week after the board's statement about Sir Ron Brierley's stake in the group, also outperformed the market, holding firm at 215p.

Macarthy slipped 7 to 229p following disappointing profits. MITIE were up 5 at 168p after announcing full-year results.

A heavyweight review of the electronics/telecoms sector by Kleinwort Benson, emphasising the attractions of British Telecom and Cable & Wireless, limited the damaged to their respective share prices. British Telecom, where turnover expanded to 12m, well up on usual levels, settled 5 cheaper at 292p, while Cable & Wireless settled 10 off at 550p.

GEC, one of the few stocks in the sector that Kleinwort is cautious about, were 5 lower at 232p on 7.9m.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues (including the water issue stocks) Page 25

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (21).
BANKS (2) HOTELS (1) LEISURE (1) PAPERS (1) TRUSTS (3) OILS (3) MINES (10).
NEW LOWS (129).
BRITISH FUNDS (25) INT.BANK & O'SEAS GOVT. STLG. ISSUES (6) CORPORATION LOANS (1) LOANS (1) FOREIGN BONDS (1) CANADIANS (1) BANKS (2) BREWERS (1) BUILDINGS (1) STORES (4) ELECTRICALS (5) ENGINEERING (1) FOODS (1) INDUSTRIALS (8) BLP Grp., BOC Grp., Cape Inds. 8.4pc Pf., Dauphin, Nobo Grp., Optometrics, Rockware, Spectrum, INSURANCE (1) LEISURE (5) PAPERS (6) PROPERTY (3) SHOES (1) TEXTILES (2) OILS (1) MINES (1) THIRD MARKET (1).

FINANCIAL TIMES STOCK INDICES

	Jan 18	Jan 17	Jan 16	Jan 15	Jan 12	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	81.04	81.62	82.36	82.39	83.02	88.08	89.29 (8/2/89)	81.04 (18/1/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.89	92.33	92.46	92.39	92.60	96.84	99.59 (15/3/89)	91.89 (18/1/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1864.4	1895.3	1875.7	1896.9	1909.1	1556.2	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	342.9	351.4	355.8	349.4	346.1	163.0	355.8 (16/1/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2336.9	2373.9	2349.1	2366.2	2380.1	1810.8	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.58	4.50	4.55	4.50	4.47	4.72				
Earning Yld %(full)	11.16	10.98	11.10	10.98	10.91	11.86				
P/E Ratio(Net)(☆)	10.83	11.02	10.90	11.02	11.10	10.18				
SEAQ Bargains(5pm)	24,923	26,290	28,279	27,013	34,488	36,073				
Equity Turnover(£m)†	-	831.84	892.43	749.48	1033.68	1238.10				
Equity Bargains†	-	25,186	27,723	27,791	35,908	29,568				
Shares Traded (ml)†	-	364.5	352.5	314.6	457.7	440.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928. Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.78

Ordinary Share Index, Hourly changes Day's High 1881.1 Day's Low 1856.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1881.1	1872.2	1871.1	1875.2	1872.8	1867.2	1862.1	1869.2

FT-SE, Hourly changes Day's High 2358.0 Day's Low 2326.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2358.0	2347.0	2345.5	2351.6	2347.6	2340.0	2334.5	2342.9

GILT EDGED ACTIVITY

Indices*	Jan 17	Jan 16
Gilt Edged Bargains	95.7	99.0
5—Day average	91.7	88.2

*SE Activity 1974. †Excluding Intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	186	203	-3	Comm. Union	587	488	-4	Lloyds Bank	2,900	297	-6	Sears	2,400	108	-1
ASDA Group	5,100	112	-3	Cookson	809	278	-9	LASMO	2,400	564	-14	Sedgwick	102	288	-2
Abbey National	3,300	177	-3	Courtaulds	643	374	-6	Lonrho	2,700	310	-4½	Shell Transport	5,300	458½	-1½
Allied-Lyons	1,300	500	-10	Dalgety	195	397	-4	Lucas	920	639	-13	Siebe	372	479	-10
Amstrad	2,400	54	-1	Dixons	2,700	127	-1	MB Group	952	216	-4	Slough Ests	195	325	-5
Argyll Group	1,900	214	-5	Eng. China Clays	728	445	+3	MEPC	414	516	-1	Smith (W.H.) A	196	328	-6
Ass. Brit. Foods	595	409	-2	Enterprise Oil	624	645	-5	Marks & Spencer	1,900	198	-4	Smith & Nephew	2,300	130	-2
BAA	1,600	376	-3	FKI	783	81	-1½	Maxwell Comm.	1,700	216	-3	SmKl Beecham	1,300	677	-10
BAT Inds.	1,500	819	-4	Ferranti	17,720	26	-11	Mecca Leisure	1,100	161		SmKl Beecham Units	6	2560	-33
BET	1,800	253	-2	Fisons	2,000	342	-5	Midland Bank	964	370	-5	Smiths Inds	286	265	-4
BICC	522	455	-8	Gen. Accident	422	1117	-18	NatWest Bank	1,800	350		Standard Chartd.	2,500	561	-12
BOC	719	528	-11	General Elect.	7,900	232	-5	Next	3,300	96	-1	Storehouse	873	115	-1
BPB Inds.	694	238	-2	Glaxo	3,100	743	-23	Northern Foods	265	310	-8	Sun Alliance	1,400	323	-4
BTR	1,300	447½	-1½	Globe Inv.	707	181	-3	Pearl	42	888		Sun Life	20	1295	-5
Barclays	2,100	658	-2	Glynwed Int.	675	247	-1	Pearson	895	729	-8	T&N	24	208	-5
Bass	529	1053	-15	Granada	765	335	-4	P & O	1,400	625	-12	TI Group	185	420	-7
Beazer	3,700	169	-4	Grand Met.	3,100	614	-10	Pilkington	2,800	228	-5	TSB	7,300	130½	-2½
Berisford Int.	13	129	-1	GUS A	74	1037	-18	Polly Peck Intl.	1,700	408	-9	Tarmac	2,300	247	-6
Blue Arrow	1,400	94	-2½	GRE	759	240	-4	Prudential	2,800	218	-5	Tate & Lyle	1,100	297	-3
Blue Circle	818	248		GKN	579	424	-11	RHM	848	438	-1	Taylor Woodrow	479	298	-2
Boots	1,650	271	-6	Guinness	1,600	663	-1	RMC	260	668	-9	Tesco	2,700	182	-1
Brit. & Comm.	753	92	-2	Hammerson 'A'	266	800	-18	RTZ	4,700	548	-23	Thames Water	1,300	155	-3
Brit. Aerospace	651	541	-8	Hanson	5,300	229½	-1½	Racal	3,900	229	-6	THORN EMI	739	774	-19
British Airways	4,850	237	-6	Hanson Warrants	1,200	58½	-2	Racal Telecom	627	358	-11	Trafalgar House	651	365	-2
British Gas	21,000	221	-7	Harrisons Cros.	440	155	-4	Rank Org.	710	844	-16	Trusthouse Forte	2,900	283	-5
British Land	108	400	-5	Hawker Sidd.	623	685	-3	Reckitt & Colman	145	1238	-9	Ultramar	1,500	381	-5
BP	7,450	327	-5	Hillsdown	421	274	-6	Redland	944	575	-11	Unigate	326	337	-6
British Steel	16,000	132	-3	IMI	415	228	-4	Reed Intl.	2,000	433	-12	Unilever	1,100	673	-5
British Telecom	12,000	292	-5	ICI	1,600	1122	-26	Reuters	680	1019	+1	United Biscuits	1,400	345	-9
Bunzl	397	133		Inchcape	554	286	-3	Rolls Royce	4,300	181	-4	Utd. Newspapers	184	438	-3
Burmah Oil	806	658	-20	Jaguar	24	849		Rothmans	354	646	-18	Wellcome	1,400	716	-16
Burton	3,300	204	-9	Kingfisher	2,200	288	-7	Ryl Bk Scotland	1,000	201	-2	Whitbread 'A'	513	405	-10
Cable & Wire.	3,500	550	-10	Ladbroke	1,500	322	-8	Royal Insurance	565	525	-6	Williams Hldgs.	587	238	-3
Cadburys	2,500	344	-8	Land Securities	580	516	-6	STC	3,800	288	-5	Willis Faber	575	276	+2
Calor Group	488	387	-4	Laporte	892	508	-1	Saatchi	577	231	-11	Wimpey	234	241	-4
Carlton Comms.	626	760	-13	Legal & General	814	396	-13	Sainsbury	1,300	262	-3				
Coats Viyella	2,100	145	-2	Lloyds Abbey	2,100	311	-3	Scottish & New.	1,000	333	-7				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

APPOINTMENTS

Chairman designate at Boots

■ Mr Robert Gunn, chairman of THE BOOTS COMPANY, is to retire following the annual meeting in July. His successor will be Sir Christopher Benson. Sir Christopher, who is chairman of MEPC and Reedpack, joined the Boots board last year as a non-executive director.

■ Mr David Barker is joining ROYAL INSURANCE as managing director of a newly-formed asset management company, responsible for all the group's UK-based investment funds (over £8bn). He was managing director of Hill Samuel Investment Management. Mr Geoff Prince has been appointed deputy managing director of Royal Insurance (UK).

■ Mr David McGovern has joined WAGNER (GB), Chatham, as joint managing director with Mr Peter Kinze. Mr Peter Watling becomes sales director, and Mr John Vaux financial director. The company is the UK operation of Vereinigter Baubeschlag-Handel, West Germany.

■ Mr Bob Wright has been appointed managing director of Bristol property company ORCHARD & PEER. He remains joint managing director of the Buckley Wright Construction Group.

EXEL LOGISTICS, the logistics division of NFC, has appointed Mr Andy Wood *(above)* as divisional IT director, responsible for information technology in all the division's operations worldwide.

■ GRANADA COMPUTER SERVICES (UK) has appointed Mr Peter Edwards as managing director. He joins from Bull UK.

■ AB WILH BECKER has made the following appointments in its UK operations. Mr John Lyon, managing director, Becker Industrial Coatings; Mr Eddy Moules, managing director, Becker Acroma; Mr Geoff Longstaff becomes business area manager - powder across Europe and the US, is promoted to vice president of the parent company, and appointed non-executive chairman of the UK coatings group; Mr Bill Rising becomes financial controller, Becker Powders.

■ LIND WALDOCK & CO, a Chicago futures and options brokerage house, has appointed Mr Robin Brown as managing director of its new London office. He was deputy managing director of the Chicago Mercantile Exchange's European representative office.

■ Mr Ian Barnes has been appointed managing director of GKN KWIKFORM. He was business development manager, GKN building services division, and succeeds Mr Jim Foxall who is taking a GKN Group post in North America.

■ MANNESMANN INFORMATION SYSTEMS, Slough, has appointed Mr Tony Gunn as managing director. He was managing director of Mannesmann Information Technology, Brussels.

■ Mr Eric Frondigoun has been appointed chairman of JONATHAN JAMES, Taylor Woodrow Group's finishing company, following the retirement of Mr John Talbot. Mr Frondigoun joined the group in 1957.

■ Mr Chong Huai Seng has been appointed managing director of JOHN GOVETT (ASIA), Singapore. He was managing director of Bankers Trust Brokerage.

■ A.J. WORTHINGTON (HOLDINGS) has appointed Ms Jane Adair as a director of wholly-owned subsidiary D. Steinberger.

■ HENRY BOOT & SONS has made the following subsidiary appointments: Mr Alan F. Rumford, managing director, and Mr Peter Hook, commercial director, Henry Boot Management; and Mr Trevor Swancott, commercial director, Henry Boot Training/Henry Boot Inner City.

■ ASDA PROPERTY HOLDINGS has appointed Mr P.L. Huberman as an executive director.

■ Mr Peter Wraight has been appointed to the board of TULLETT & TOKYO (CURRENCY DEPOSITS) CO.

■ TSB GROUP has appointed Dr Adrian Gozzard as director of personnel. He was group personnel director of Cadbury-Schweppes.

■ Mr Michael Simpson has become financial director of JOHN FLEMING & CO (HOLDINGS), the Aberdeen-based Scottish timber and builders' merchants group. He has been company secretary since June last year and was previously chief accountant.

FT
FINANCIAL TIMES CONFERENCES

COMPETITION, MERGERS ACQUISITIONS AND ALLIANCES IN EUROPE

13 & 14 March, London 1990

Competition policy at Community and member state levels will be the focus of the agenda. Speakers will assess the impact of the Brussels agreements and will look at developments in the countries where there is the most interest in *mergers, acquisitions and alliances.*

Speakers include:

Mr John Redwood, MP
Parliamentary Under Secretary of State for Corporate Affairs
Department of Trade and Industry

Mr Richard M L Webb
Chairman
Morgan Grenfell & Co Limited

Sir Gordon Borrie, QC
Director General of
Office of Fair Trading, UK

Mr Martin Waldenström
President
Booz.Allen Acquisition Services

Mr Antony Beevor
Executive Director, Hambros Bank Limited
Former Director General
The Panel on Takeovers and Mergers

Mr Philip Goldenberg
Partner
S J Berwin & Co, Solicitors

Mr P Stormonth Darling
Chairman
Mercury Asset Management Group plc

Mr Yusho Yamamoto
General Manager, Mergers & Acquisitions Division
The Long-Term Credit Bank of Japan, Limited

Mr J Lawrence Manning, Jr
Partner in Charge
Jones, Day, Reavis & Pogue

Dr Lutz Raettig
Executive Vice President &
Head of Corporate Finance
Commerzbank AG

A limited amount of exhibition space is available, for further information please contact Connie Strong.

COMPETITION, MERGERS ACQUISITIONS AND ALLIANCES IN EUROPE

To: The Financial Times Conference Organisation
126 Jermyn Street, London SW1Y 4UJ, UK
Tel: 01-925 2323 Fax: 01-925 2125 Tlx: 27347 FTCONF G

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	52 80	52.80	56 48	+0 19	4 85
Gilts & Fixed Int	6	105.50	105 50xd	111 9	-0 7	8.94
High Inc Equity	6	137 40	137 40xd	147 0	-0 6	4.32
Worldwide Bond	6	202 6	202.6	214 6	+0.4	4 94
Capital Growth						
American Growth	6	189 29	189 2xd	202 4	+0 7	1 09
Asian Pacific	6	125 7	125 7xd	134 5	+0 3	0 97
Assets & Earnings	6	159 1	159 1	170 2	-0 8	2 16
Capital Reserve Acc	0	88.29	88.29	88 41	-0 79	6 79
Capital Reserve Inc	0	78 35	78.35	78 45	-0 27	7.65
Comdty & Energy	6	119 6	119 6	126 0	-0 1	1 48
Dividend & Growth	6	46 86	47.86	50 92		4.42
1992 Enterprise	6	62.46	62.46	66 81	-0 26	2 48
Euro Capital Acc	6	100 6	101 3	107 8	-0 2	0.70
Euro Capital Inc	6	96 91	97 66	103 9	-0 1	0 72
General	6	180 3	180 3	192 9	-1 1	2.59
International	6	61 78	62.58xd	66 58	-0 11	0 75
Japan	6	115 1	115.1	123 2	-0 4	0.00
Mastertrust	6	92 38	92.38	98 81	-0 06	1 72
UK Growth Acc	6	183 9	183 9	196 7	+0 5	1 62
UK Growth Dist	6	121 6	121 6	130.1	+0 3	2 44
US Emerging Cos	6	53 82	53 82	57 57	+0.39	0 00
Income & Growth	6	307 00	307 00	328 4	-2.2	3 12
Ethical	6	48 02	48.02	51.36	-0 21	1 95
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	32.17	32 17	34 34	-0 06	3.08
European	5¼	83 10	83 38	89 01	-1 12	0 00
European Income	5¼	78 51	78 69	84 01	-0 60	1 96
Exempt	1	768 7	768 7xd	799 4	-2.50	1 60
Extra Income	5¼	44 39	44 39xd	47 38	-0 5	4 15
F East Emerg Econ	5¼	64 76	65.56	70 22	-0 19	0 02
Fund Inv Tst	5	130 1	135 1	144 2	-0 10	1 63
Do Accum	5	204 0	211 9	226 2	-0 10	1 63

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Buckmaster Mangmt Co Ltd—Contd.						
International	5	116 2	116 2	122.9	-0 8	1.00
(Accum Units)	5	159.8	159 8	169 0	-1 2	1 00
Smaller Co's	5	107 1	108 7	115.3	-0 8	2.39
(Accum Units)	5	118 8	120.5	127 9	-0.9	2.39
Inv Portfolio	2½	55 73	56 73	58 48	-0 16	3.07
(Accum Units)	2½	57.86	58.89	60 71	-0 17	3 07
High Income Port	3	48 94	49.77	51.57	-0 71	5 28
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Sht Dtd Gilt & FI	1¼	55 49	55 49	56.28	-0 07	12.80
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard London SE1 1NY 01-407 5966						
F & B Sel Intl Gwth	5½	49 67	49.67xd	53.44	-1.77	1.40
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5½	56 12	56 43xd	60.03	-0 40	2 23
Global Tst	5½	46 77	47.28	50.30	-0 06	0 35
Recovery Tst	5½	47 57	48 90	52 02	-0 34	1 92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr Cottons Lane Ldn. SE1 2QL 01 234 6000						
Growth Fd Acc	5	115.3	117.0xd	123 4	-0 8	4 23
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 4AH 061 837 5060						
UK Growth	6	104 5	106 2	113 0	-0 6	2 36
UK Income	6	104 9	106 7	113 6	-0 6	5 41
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America F	5	61 97	61 97	65 92	+0 28	1.22
CS International F	5	61 38	61.38	65.29	+0 50	1 50
CS Japan F	5	150 0	150 0xd	159.5	-0 2	0 36
CS Portfolio Inv 4 F	5	71 61	71 61	76 18	-0 14	3 59
Canada Life Unit Tst Mgrs Ltd (1200)F						
High St, Potters Bar, Herts, EN6 5BA 0707 51122						
Can Gen Dist	5	147 6	150 4xd	157 9	-0 70	2 93
Do Gen Accum	5	252.3	257.1	270 0	-1.10	2 93
Do Income Dist	5	96 53	99 00	104 0	-0 70	5 42
Do Inc Accum	5	227 4	233 2	244 9	-0 50	5 42
Gilt & Fxd Int	5	34 94	34.99	36 74	-0 36	8 74
Cannon Fund Managers Ltd (0700)H						
1 Olympic Way, Wembley, HA9 0NB						
01-902 8876 Dealing 0800 282621						
Growth	5½	38.45	38 45xd	41 12	+0 12	2 46

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilt & Fxd Int	4	48.77	48.80	50.97	-0 48	8.97
(Accum Units)	4	101.4	101.5	106.0	-1 0	8.97
High Yield	6	207.1	210.7	225.3	-2.0	5.56
(Accum Units)	6	408 4	415.5	444.4	-1.9	5.56
Income	6	249 9	253.2	270.8	-0.9	4.54
(Accum Units)	6	451.8	457.6	489 4	-1 8	4.54
Intl High St. UT	6	58.99	59.91	64.07	-0.27	1.51
(Accum Units)	6	60.80	61 75	66.04	-0.29	1.51
Japan Growth	6	399 6	399 6	427.4	-0.8	0.00
(Accum Units)	6	420 0	420 0	449 2	-1.0	0.00
Mandarin Tst	6	67.17	67.19	71.86	+0.22	0.44
(Accum Units)	6	67.72	67.74	72.45	+0.23	0.44
Mngd P'folio Acc	6	74.03	74.87	80.08	-0.24	2.30
Money Market UT	4	50 23	50.23	52.24	+0.02	12.86
(Accum Units)	4	55.71	55.71	57.94	+0.02	12.86
North American	6	125.4	125 4	134.1	-0.1	0.00
(Accum Units)	6	154.8	154.8	165.6	-0 1	0.00
Smaller Cos	6	160.2	160 2xd	171.3	-2.0	2.62
(Accum Units)	6	179.3	179.3	191.8	-2.3	2.62
Meridian Income	6	110.8	110.8xd	118.5	-0.6	3.89
(Accum Units)	6	116.6	116.6	124.7	-0 6	3 89
Meridian Growth	6	121.6	122.6	131.1	-0.53	2.02
Midland Personal Pension Unit Trust *						
British	6	63.00	63.80	67.87	-0.24	3.19
European Growth	6	70.08	70.20	74.68	-0.67	0.80
Gilt & Fixed	6	50 26	50.30	53.54	-0.50	8.98
Income	6	57.38	58 40	62.13	-0.22	4.55
Japan Growth	6	58.59	58.97	62.73	-0.14	0.00
Managed	6	58.40	59.38	63.17	-0.19	2.30
Money Market	6	56.37	56.37	59 75	+0.02	12.86
North American	6	58.62	59.77	63.58	-0.11	0.00
Midland FSAVCS Unit Trust *						
British	6	58.37	59.11	62.88	-0.22	3 19
European Growth	6	67.01	67.11	71.39	-0.61	0.80

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
222 Bishopsgate, London EC2 01-247 7544/7						
American Income	5	62.71	62.71xd	66.71	-0.68	3.58
Conv & Gilt	5	122.8	122.8	130.6	-0.4	6.77
Euro Gwth & Inc	5	58.68	58 68xd	62.55	-0.5	1.53
Extra Income	5	136.5	138.0xd	146.9	-0.8	4.72
Far East ψ	5	273.8	273 8	291.8	+0 6	0.01
High Income	5	89.23	89.23	95.12	-0.60	4.65
International	5	161.2	161.2	171.4	-2.4	0.31
Nth American	5	150.9	150.9	160 8	+0.6	0.57
Pref & Fxd Int	5	43 16	43.16xd	45.96	-1.30	8.40
Special Sits	5	113.6	113.6xd	121.1	-0.3	1.43
Technology	5	142.2	142.2xd	151.2	+0.9	0.07
Providence Capital Fd Mgrs Ltd (1000)H						
30 Uxbridge Road, London W12 8PG 01-749 9111						
European Acc	5	141.5	141.5	151.6	+0.1	0.69
European Inc	5	135.9	135.9	145.6	+0.1	0.69
Japan Acc	5	122.00	122.0	130.6	+0.7	0.00
Japan Inc	5	121.7	121.7	130.3	+0.7	0.00
Nth American Acc	5	64.86	64.86	68.97	-0.3	0.93
Nth American Inc	5	62.17	62.17	66.11	-0.28	0.93
UK Equity Acc	5	86.97	86.97xd	93.54	-0.60	3.60
UK Equity Inc	5	78.14	78.14xd	84 05	-0.6	3.60
Worldwide Acc	5	114.6	114 6	122 4	-0.1	0.81
Worldwide Inc	5	109.7	109.70	117.3	-0.1	0.81
UK High Inc Eq Acc	5	83.89	83.89	90.76	-0.66	7.02
UK High Inc Eq Inc	5	72.69	72.69	78.66	-0.58	7.02
Hong Kong Acc	5	43.74	43.74	46.66	+0.73	3.71
Hong Kong Inc	5	41.75	41.76	44.54	+0.73	3.71
Swiss Equities Acc	5	39.94	39.94	42.92	-0.21	0.36
Swiss Equities Inc	5	39.59	39.59	42.55	-0.21	0.36
W'wide Bond Acc	5	55.84	55.84	58.92	+0.23	7.15
W'wide Bond Inc	5	53.13	53 13	56.06	+0.21	7.15
Emerging Asia Acc	5	103.0	103.0xd	110.5	+0.7	0.00
Emerging Asia Inc	5	103.0	103.0xd	110.5	+0.7	0.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ψ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ● - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange Sqre, London E14 9GJ 01-455 5055						
American ♦	5¼	69.31	69.31	74.12	-0.46	1.5
Intl Growth ♦	5¼	82.69	82.69	88.43	+0.27	0.8
Income ♦	5¼	132.5	132.5	141.7	-1.00	4.8
Japan Growth ♦	5¼	242.4	242.4	259.2	+1.70	0.1
Pacific Perf ♦	5¼	159.0	159.0	165.7	-0.20	0.1
Small Co's ♦	5¼	134.1	134.1	143.4	-0.60	1.4
Technology	5¼	33.80	33.80	36.14	-0.14	0.1
Australia	5¼	64.53	64.53xd	69.01	+0.04	2.8
UK Trust ♦	5¼	179.9	179.9	192.4	-2.00	2.6
European Growth ♦	5¼	75.09	75.09	80.31	-1.30	0.1
Hong Kong ♦	5¼	32.85	32.85	35.13	+0.13	1.9
Intl Income	5¼	21.77	21.77xd	23.28	+0.01	7.2
Spec & Mgm Gth	5¼	40.34	40.34	43.14	+0.16	0.1
British Winners ♦	5¼	26.48	26.48	28.32	-0.27	2.2
Japan Smllr Cos ♦	5¼	33.79	33.94	36.30	+0.21	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	16.19	16.44	17.48	+0.39	0.00
Pacific Basin	6	29.92	29.92	31.82	-0.03	0.60
Can Balanced Gwth ♦	6	45.72	45.72	48.63	-0.58	0.10
Ginnie Mae ♦	4	0.9706	0.9735	1.0140	+0.1	7.58
Penny Share	6	29.10	29.10	30.95	+0.07	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	144.8	147.4xd	156.8	-0.6	5.70
Wellington Growth	5¼	239.7	240.0	255.3	-0.2	1.46
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth	4½	111.0	115.2	120.0	....	3.94
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger ♦ F	2¼	61.25	61.25	62.80	-0.05	0.00
Short Dtd Gilt ♦ F	1¼	82.59	82.68	83.72	-0.30	6.01
U.S. Govmt Bond ♦ F	1¼	.5794	.5794	.5868	+.0002	0.00
Willbro Financial Services Ltd (0905)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
Aus Friars W'wide	5	200.6	204.4xd	217.4	....	2.43
Windsor Trust Mngrs Ltd (1200)F						

	Bid Price	Offer Price	+ or -	Yield Gross
AEtna Life Insurance Co Ltd — Contd.				
Bond	414.31	414.32	-4.73	—
Property	246.30	246.31	—	—
Overseas Investment	306.90	306.91	-0.51	—
Pension Funds (Accumulation Units)				
Squirrel	15.95	16.79	+0.01	—
Bear	17.26	18.17	-0.15	—
Owl	23.07	24.29	-0.12	—
Bull	20.25	21.32	-0.01	—
Stag	19.72	20.76	....	—
Gilt Edged		13.65	-0.15	—
Deposit		13.70		—
North American	10.30	10.85	+0.07	—
European	12.29	12.94	-0.12	—
Property	11.97	12.60	-0.01	—
Index-Linked	11.85	12.48	-0.15	—
Far Eastern	14.15	14.90	-0.01	—
UK Equity	15.83	16.67	-0.05	—
Fixed Interest	11.93	12.56	-0.13	—
Gilt Edged (89)	9.88	10.40	-0.101	—
1982 Series				
Managed	298.82	314.55	+0.70	—
Pre 1982 Series				
Aetna Life				
3 Way	714.21	714.22	+0.74	—
Equity Pensions	1254.20	1254.21	+7.90	—
Aetna Pensions Ltd				
3-Way Managed	641.63	641.63	-7.82	—
Exempt Approved				
Mixed Managed	219.04	225.52	-0.52	—
Gilt Edged		13.65	-0.15	—
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc(z)	145.4	153.0	-1.7	—
Equity Fd Acc(z)	1076.6	1133.2	-9.6	—
European Fd Acc(z)	289.1	304.2	+0.8	—
Intl F xd Int Fd Acc(z)	211.1	222.2	-0.2	—
Fixed Int Acc(z)	342.7	360.4	-2.0	—
Gtd Money Fd Acc(z)	246.5	259.4	....	—
High Income Fd Acc(z)	122.7	129.1	-0.6	—
Intl Man Fd Acc(z)	425.4	447.8	+0.4	—

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4BE 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Gwth Mngd	617.3	650.5	−2.3	—
Adventurous Mngd	135.8	143.2	−0.3	—
Secure Mngd	110.1	116.1	−1.3	—
Cash Fd	245.3	258.5	...	—
Property Fund	301.5	317.8	...	—
Equity Fund	701.6	739.4	−4.4	—
Fxd. Int. Fund	297.1	313.1	+2.1	—
International	322.9	343.6	−3.8	—
High Income	444.2	472.6	−2.6	—
Far East	458.4	487.7	+0.9	—
North American	272.6	290.1	+0.9	—
Special Sits	625.9	665.9	−1.4	—
Technology	261.8	278.6	+2.4	—
Extra Inc Fd	278.0	295.8	−1.5	—
Convertible & Gilt Fd	151.0	160.7	−0.4	—
American Income	130.5	138.9	−1.1	—
Gilt Fund 20	295.7	314.6	−2.8	—
European Fund	117.2	124.7	−0.7	—
Pref & Fixed Int	96.3	101.5	−2.9	—
Equity Income Dist	100.4	105.8	−0.5	—
Managed Dist	98.6	103.9	−0.7	—
Pension Funds				
Balncd Gth Mgd Pens Acc	598.0	629.5	−2.8	—
Adventurous Mgd Pens Acc	129.4	136.3	−0.4	—
Secure Mngd Pens Acc	109.6	115.4	−1.3	—
Building Soc. Acc	261.0	274.8	...	—

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99	98	Exch 11pc 1990‡‡	99		–	–
101	99	Exch. 12½pc 1990	99½		12.56	15.02
97	91	Treas 3pc 1990	97		3.08	12.19
97	95	Treas 8¼pc 1987-90‡‡	97		8.44	14.15
98	95¼	Treas. 8pc Cv 1990 ‡‡	97		8.23	14.09
98	96	Treas. 10pc Cv 1990	96		10.34	14.63
93	87	Exch 2½pc 1990	93		2.69	11.29
101	97	Treas 11¾pc 1991	97		12.02	14.33
93	89	Funding 5¾pc '87-91‡‡	92		6.22	12.62
90	86	Treas. 3pc 1991	90		3.34	11.53
100	95¼	Treas 10pc Cv '91 ‡‡	95		10.49	13.58
101	95	Exch. 11pc 1991	96		11.46	13.58
94	91	Treas. 8pc 1991	91		8.78	13.46
106	99	Treas 12¾pc 1992‡‡	99		12.83	13.12
99½	94	Treas 10pc 1992	94		10.59	13.17
94	90	Treas. 8pc 1992 ‡‡	90		8.86	13.12
100¼	95	Treas 10½pc Cv 1992‡‡	95¼		11.03	12.97
85	82¼	Treas. 3pc 1992	83		3.59	10.99
105	98	Exch. 12¼pc '92	98		12.48	13.07
109	101	Exch 13½pc 1992	101		13.33	12.90
94	89	Treas 8¼pc 1993	89		9.28	12.71
100	93½	Treas 10pc 1993‡‡	93½	−½	10.70	12.49
108¼	100	Treas 12½pc 1993‡‡	100		12.50	12.49
88	84	Funding 6pc 1993‡‡	84		7.10	11.25
113	104	Treas 13¾pc 1993‡‡	104		13.20	12.34
94½	88	Treas. 8½pc 1994	88		9.65	12.31
117	107	Treas 14½pc 1994‡‡	107		13.49	12.13
113	104¼	Exch 13½pc 1994	104¼		12.97	12.23
100	93	Treas. 10pc Ln. 1994‡‡	93		10.73	12.03
110¼	101	Exch. 12½pc 1994	101		12.36	12.18
96	89½	Treas 9pc 1994‡‡	89½	−½	10.08	11.97
		Five to Fifteen Years				
108	99	Treas 12pc 1995	99		12.03	12.05
79	72	Exch 3pc Gas 90-95	75	−½	4.00	9.06
101	93	Exch. 10¼pc 1995	93		10.97	11.91
113	104	Treas 12¾pc 1995‡‡	104		12.27	11.78
119	108½	Treas. 14pc '96	108½		12.93	12.02
97½	88	Treas. 9pc 1992-96‡‡	88		10.18	11.70
126	114	Treas 15¼pc 1996‡‡	114	−1	13.28	11.83
117	106	Exch 13¼pc 1996‡‡	106		12.45	11.78
101	92	Conversion 10pc 1996	92		10.64	11.67
118½	107	Treas 13¼pc 1997‡‡	107		12.35	11.70

Over Fifteen Years

BRITISH FUNDS—Contd

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
103	91	Conversion 9½pc 2005	91		10.44	10.70
111¼	98	Exch. 10½pc 2005	98		10.65	10.68
125	111	Treas. 12½pc 2003-05	111		11.25	10.91
90	79	Treas 8pc 2002-06‡‡	79		10.03	10.60
118	105	Treas. 11¾pc 2003-07	105		11.11	10.91
96	84	Treas 8½pc 2007 ‡‡	84		10.04	10.42
134	119	Treas. 13½pc '04-08	119		11.34	10.83
101	89	Treas. 9pc 2008 ‡‡	89		10.13	10.35
94	89	Treas. 9pc 2008 B	89		10.13	10.35
92	80	Treas 8pc 2009	80		9.93	10.30
102	89¼	Conv 9pc Ln 2011 ‡‡	89		10.10	10.27
68	59	Treas. 5½pc 2008-12‡‡	59		9.28	10.11
89	78	Treas 7¾pc 2012-15‡‡	78¼		9.96	10.22
132	115	Exch. 12pc '13-'17	115		10.42	10.28
		Undated				
45	38	Consols 4pc	38		10.29	–
40	34	War Loan 3½pc‡‡	34		10.20	–
70	59	Conv. 3½pc '61 Aft.	59		5.84	–
41	30	Treas. 3pc '66 Aft.	30		9.80	–
30¼	24	Consols 2½pc	24	−¼	10.36	–
29½	23	Treas. 2½pc	23	−¼	10.53	–
		Index-Linked (b)			(1)	(2)
112	103	Tr. 2pc '92‡‡(97.8)	111		3.56	4.69
105	94	Do. 2 '94 (102.9)	104		3.20	3.76
156	139	Do. 2pc '96(67.9)	154		3.16	3.53
131	118	Do 2½pc '01(78.3)	129		3.59	3.84
128	115	Do. 2½pc '03(78.8)	125		3.67	3.88
131	117	Do. 2pc '06(69.5)	128		3.69	3.86
123	110	Do. 2½pc '09(78.8)	120		3.68	3.84
128	114	Do. 2½pc '11(74.6)	125		3.66	3.81
107	95	Do. 2½pc '13(89.2)	103		3.64	3.78
115	101	Do 2½pc '16(81.6)	112		3.60	3.73
113	100	Do. 2½pc '20(83.0)	109		3.55	3.67
95	84	Do. 2½pc '24‡‡(97.7)	92		3.50	3.61

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Charities Aid Fndtn Money Mngmt Co Ltd
48 Pembury Road, Tonbridge TN9 2JD 0732 770114
Calcash Deposit Fd. 14.73 −1 15.57 3-mth

The Charities Deposit Fund
2 Fore Street, London EC2Y 5AQ 01-588 1815
Deposit 15.00 − 15.87 3-Mth

Gartmore Money Management Ltd
2-3 White Hart Yard, London SE1R 1NX. 01-236 1425

Call Fnd	14.71	11.51	15.79	6-Mth
7-day Fund	14.77	11.56	15.88	6-Mth
Special Fund	14.66	–	16.12	Mth
Dollar	7.00	5.47	7.45	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.50	10.56	14.64	Qtr
Mth Int Chq £1,000-£4,999	13.50	10.56	14.77	Mth
Mth Int Chq £5,000-£49,999	14.00	10.95	15.35	Mth
Mth Int Chq £50,000+	14.50	11.35	15.94	Mth
Allied Trust Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-629 6802				
OMNA (£2,001+)	14.50	11.35	15.94	Mth
HIGA (£2,001+)	13.90	10.88	15.248	Mth
Bank of Ireland High Interest Cheque Acc 36 Queen St, EC4R 1BN 01-625 7000				
2,000-9,999	13.738	10.750	14.922	Qtr
£10,000+	14.056	11.000	15.283	Qtr

J. Henry Schroder Wagg & Co Ltd

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1
£25,000+ 14.50
£5,000-£24,999 14.25
£1,000-£4,999 14.00

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1 7A
High Int Cheque Acc 14.50

NOTES—Gross rate to those exempt from tax. Net actual rate after deduction of tax. Gross equivalent to basic rate taxpayers. Compounded annual rate. Int Cr frequency interest credited.

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. Single premium insurance plans. Offer price includes all expenses except agent's commission. Previous day's price. Guernsey gross. Yield before Jersey tax. Ex-subdivision. Only available to charitable bodies. Yield column shows annualised rates of NAV increase. All ex dividend. Funds not SIB recognised.

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AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES — Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if *calculated on "nil" distribution. Covers are based on* "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ∮ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject *to local tax. x Dividend cover in excess of 100 times. y Dividend* and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p....γ	86	−2
Craig & Rose £1..γ	838	......
Finlay Pkg. 5p....γ	58	+1
Holt (Jos) 25p.....γ	1348	+8

IRISH

Cap. 8½% Ln. 1991	£96¼	......
9pc Cap Ln. 1996..	£95¾	−¼
Fin. 13% 97/02...	£114½	−½
Arnotts	418	−5
Carrol (P J.).......γ	178	......
Hall (R. & H.).......	185	......
Helton Hldgs.......γ	100	......
IRG.....	206xd	......
United Drug.........	170	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons........	41
Amstrad.......	6½
Astec (BSR)........	5¼
BAT..	67
BOC Grp....	44
BTR	37
Barclays.	40
Blue Circle......	20
Boots....	23
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Brit Aerospace....	46
British Steel....	9
Brit. Telecom....	22
Cadburys	31
Charter Cons....	42
Comm Union....	40
Courtaulds....	31
Eurotunnel....	65
FKI	8
FNFC....	22
Gen Accident....	92
GEC....	19
Glaxo....	60
Grand Met....	44
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GKN....	33
Hanson	18
Hawker Sidd....	55
ICI....	98
Jaguar....	85
Ladbroke....	25
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Lucas Inds....	54
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Morgan Grenfell....	38
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Racal Elect....	20
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Reed Intnl....	34
STC....	25
Sears....	9
SmKl Beecham A	48
TI....	38
TSB....	9
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Thorn EMI....	63
Trust Houses....	23
T&N	16½
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Vickers	22
Wellcome....	55

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MEPC....	45
Mountleigh....	13

Oils

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Burman Oil	65
Charterhall....	2½
Conroy Petim....	9
Premier....	18½
Shell....	37
Tuskar Res....	12
Ultramar....	28½

Mines

Lonrho....	23
RTZ....	45

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up as D-Mark falls

ATTENTION turned away yesterday from political events in Eastern Europe and the turmoil in the Soviet Union and towards the question of US interest rates.

The dollar gained ground after officials of the US Federal Reserve Board indicated they are against any further easing of monetary policy. Press interviews with Mr Manuel Johnson, vice chairman of the Fed, and Mr Wayne Angell, a Fed Governor, suggested that both are opposed to another reduction in US interest rates unless there is a change in economic conditions.

This pushed the dollar to a high of $1.7085, but there was no strong attack on resistance at $1.7100, after Mr Marlin Fitzwater, a spokesman for the White House, said the Bush Administration would like lower interest rates, although he added: "We aren't trying to tell the Fed what to do."

At the same time market sentiment appeared to be moving in favour of the dollar, partly because it has been sold steadily against the D-Mark for several months and may be due for a period of technical correction.

A rise of 0.4 per cent in December US consumer prices was in line with expectations and produced little reaction. For the whole of 1989, the consumer price index has risen by 4.6 per cent, compared with 4.4 per cent in the previous year. This was the largest annual rise since 8.9 per cent in 1981.

At the London close the dollar had risen to DM1.7080 from DM1.6900; to FFr5.8050 from FFr5.7450; and to SFr1.5185 from SFr1.5070. Its index climbed to 67.6 from 67.1. The US currency also advanced to Y146.05 from Y145.45 in spite of intervention by the US Fed and the Bank of Japan.

The Fed sold dollars to support the yen at Y145.90. Earlier in Tokyo the Bank of Japan intervened repeatedly to sell dollars. The weakness of the yen prompted speculation that the Japanese central bank will soon be forced into another increase in its discount rate.

The West German Bundesbank left its credit policies unchanged at yesterday's council meeting. The possible impact on Western Europe from the violence in the Soviet Union did not help the D-Mark, but it was mainly doubts about a further lowering of US interest rates and good French trade figures that depressed the D-Mark.

The French trade deficit narrowed to FFr2.57bn in November from FFr8.77bn in October. This was even better than mostforecasts, and at the London close the D-Mark fell to FFr3.3987 from FFr3.3995. In Paris the D-Mark was fixed at FFr3.3993, the lowest level for nine weeks.

Sterling traded nervously but showed no clear direction ahead of today's figures on UK retail prices, money supply and bank lending. The pound fell ½ cent to $1.6450, but rose to DM2.8100 from DM2.7875; to SFr2.4975 from SFr2.4875; to FFr9.5500 from FFr9.4800; and to Y240.25 from Y240.00. Sterling's index rose 0.3 to 88.1.

EURO-CURRENCY INTEREST RATES

Jan 18	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15⅛-14⅞	15¼-15⅛	15⅜-15¼	15⅜-15¼	15¼-15⅛
US Dollar	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅜-8¼	8½-8⅜	8⅝-8½
Can Dollar	11⅞-11⅝	11⅞-11⅝	12-11⅞	11⅞-11¾	11¾-11⅝	11½-11⅜
D. Guilder	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅝-8½	9-8⅞	9⅛-9
Sw. Franc	9½-9¼	9⅝-9½	9¾-9⅝	9⅝-9½	9⅝-9½	9⅝-9½
Deutschmark	7¾-7⅝	7⅞-7¾	8-7⅞	8⅛-8	8⅜-8¼	8⅝-8½
Fr. Franc	10½-10⅜	10⅝-10½	10⅞-10¾	11⅛-11	11¼-11⅛	11¼-11⅛
Italian Lira	13-11	12½-11½	12½-12	12¾-12¼	12¾-12½	13¼-13
B. Fr. (Fin)	10¾-10¼	10½-10⅜	10⅝-10½	10¾-10⅝	10¾-10⅝	10⅞-10¾
B. Fr. (Con)	10⅛-10	10¼-10⅛	10⅜-10¼	10½-10⅜	10⅝-10½	10¾-10⅝
Yen	6½-6⅜	6⅝-6½	6¾-6⅝	7⅛-7	7¼-7⅛	7⅜-7¼
D.Krone	12⅛-12	12⅜-12⅛	12⅜-12⅛	12¼-12	12⅛-11⅞	11⅞-11¾
Asian $Sing	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8½-8⅜

Long term Eurodollars: two years 8⅞-8¾ per cent; three years 8⅞-8¾ per cent; four years 9-8⅞ per cent; five years 9⅛-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Jan 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6405 - 1.6515	1.6445 - 1.6455	0.94-0.92cpm	6.78	2.70-2.67pm	6.53
Canada	1.9120 - 1.9320	1.9255 - 1.9265	0.53-0.42cpm	2.96	1.61-1.37pm	3.09
Netherlands	3.14½ - 3.17	3.16 - 3.17	1¾-1⅝cpm	6.40	4⅞-4½pm	5.85
Belgium	58.35 - 58.85	58.75 - 58.85	25-23cpm	4.90	71-56pm	4.32
Denmark	10.76¾ - 10.87½	10.85½ - 10.86½	3-2⅝orepm	3.11	9⅛-8½pm	3.25
Ireland	1.0550 - 1.0660	1.0610 - 1.0620	0.35-0.30ppm	3.67	0.95-0.85pm	3.39
W. Germany	2.79¾ - 2.81¼	2.80¾ - 2.81¾	1¾-1⅝pfpm	7.21	4⅞-4⅝pm	6.76
Portugal	244.95 - 247.10	246.10 - 247.10	3-38cdis	-1.00	86-203dis	-2.34
Spain	179.60 - 181.65	180.80 - 181.10	5-2cpm	0.23	9-2pm	0.12
Italy	2079½ - 2093¼	2092¼ - 2093¼	5-3lirepm	2.29	15-12pm	2.59
Norway	10.72½ - 10.80¼	10.78¼ - 10.79¼	3⅝-3⅛orepm	3.89	9¾-9¼pm	3.52
France	9.48¾ - 9.55½	9.54½ - 9.55½	3⅝-3⅛cpm	4.40	9⅞-9⅛pm	4.08
Sweden	10.13¾ - 10.20¼	10.17¾ - 10.18¾	2⅞-2⅝orepm	3.24	6¾-5⅝pm	2.31
Japan	239¼ - 240¾	239¾ - 240½	1¾-1⅝ypm	8.43	4⅞-4½pm	7.70
Austria	19.61 - 19.76	19.73 - 19.76	12¾-11⅞gropm	7.37	33¾-30¾pm	9.53
Switzerland	2.48⅜ - 2.50¼	2.49¼ - 2.50¼	1¼-1⅛cpm	5.71	3⅝-3⅜pm	5.61
ECU	1.3725 - 1.3805	1.3795 - 1.3805	0.49-0.46cpm	4.13	1.34-1.29pm	3.81

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 58.75-58.85 Six-month forward dollar 5.20-5.15cpm 12 months 9.30-9.20cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6405 - 1.6515	1.6445 - 1.6455	0.94-0.92cpm	6.78	2.70-2.67pm	6.53
Ireland†	1.5505 - 1.5575	1.5530 - 1.5540	0.52-0.47cpm	3.82	1.45-1.35pm	3.60
Canada	1.1640 - 1.1720	1.1710 - 1.1720	0.35-0.40cdis	-3.84	0.96-1.08dis	-3.49
Netherlands	1.9095 - 1.9250	1.9240 - 1.9250	0.07-0.10cdis	-0.53	0.26-0.31dis	-0.60
Belgium	35.40 - 35.80	35.70 - 35.80	5.00-7.00cdis	-2.02	16.50-20.50dis	-2.08
Denmark	6.54½ - 6.60¼	6.60 - 6.60½	1.95-2.15oredis	-3.74	5.55-6.05dis	-3.53
W. Germany	1.6915 - 1.7085	1.7075 - 1.7085	0.07-0.05pfpm	0.42	0.03dis-par	-0.04
Portugal	149.60 - 150.00	149.90 - 150.00	90-110cdis	-8.01	310-380dis	-9.21
Spain	109.35 - 110.35	110.25 - 110.35	56-66cdis	-6.67	180-190dis	-6.75
Italy	1261 - 1272½	1272 - 1272½	4.40-4.90liredis	-4.41	13.00-14.00dis	-4.27
Norway	6.52¾ - 6.56	6.55½ - 6.56	1.55-1.80oredis	-3.07	5.10-5.50dis	-3.24
France	5.75½ - 5.80¾	5.80¼ - 5.80¾	1.15-1.25cdis	-2.49	3.60-3.75dis	-2.54
Sweden	6.15¾ - 6.19½	6.18¾ - 6.19¼	1.95-2.10oredis	-3.93	6.90-7.25dis	-4.58
Japan	145.55 - 146.15	146.00 - 146.10	0.22-0.20ypm	1.73	0.50-0.47pm	1.33
Austria	11.93 - 12.00½	12.00 - 12.00½	0.65gpm-0.05grdis	-2.31	0.70pm-1.20dis	-0.64
Switzerland	1.5075 - 1.5200	1.5180 - 1.5190	0.15-0.18cdis	-1.31	0.40-0.45dis	-1.12
ECU	1.1910 - 1.1995	1.1915 - 1.1925	0.49-0.46cpm	4.78	1.34-1.29pm	4.41

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.70-35.80.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.6128	+1.06	+1.06	±1.5508
Danish Krone	7.79845	7.87931	+1.04	+1.04	±1.6453
German D-Mark	2.04446	2.03625	-0.40	-0.40	±1.1762
French Franc	6.85684	6.92192	+0.95	+0.95	±1.3618
Dutch Guilder	2.30358	2.29462	-0.39	-0.39	±1.5272

MONEY MARKETS

Rates little changed

INTEREST RATES finished little changed in London yesterday, and although nervousness about higher bank base rates continued, the mood was calmer at the close.

Fear of higher rates was illustrated when the market sold some band 2 bank bills to the Bank of England at a slightly higher rate than usual during an early round of assistance, and also by the fact that more than half the large day-to-day credit shortage was taken out with this early help.

Fixed period rates rose during the morning, but eased back in the afternoon, on relief that underlying average earnings rose at an unchanged 9.25 per cent in November. This was in line with market forecasts, but came as good news after recent disappointing data on UK retail sales and a Public Sector Debt Repayment figure on Wednesday that could mean the Government does not meet its Budget surplus estimate.

Today's figures on consumer prices are the next test for the market, but at yesterday's close three-month interbank was little changed at 15⅜-15¼ per cent, against 15⅜-15⁵⁄₁₆ on Wednesday. One-year money finished unchanged at 15⁵⁄₁₆-15³⁄₁₆ per cent.

Prices of short sterling futures on Liffe rallied after falling sharply in early trading. The March contract opened weaker at 84.62 and fell to a low of 84.55, before recovering to close at 84.74, compared with 84.68 at the previous settlement.

The Bank of England forecast another large money market credit shortage of £1,200m and provided total assistance of £1,108m. An early round of help was offered, and at that time the authorities bought £760m bills outright, by way of £8m bank bills in band 1 at 14⅞ per cent; £330m Treasury bills in band 2 at 14¾ per cent; and £422m bank bills in band 2 at 14¾-14²⁵⁄₃₂ per cent.

Before lunch another £248m bills were purchased via £108m Treasury bills in band 2 at 14¾ per cent and £140m bank bills in band 2 at 14¾ per cent. In the afternoon the Bank of England bought £100m bank bills in band 2 at 14¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,096m, with a rise in the note circulation absorbing £50m and bank balances below target £135m. These factors outweighed Exchequer transactions adding £85m to liquidity.

UK clearing bank base lending rate 15 per cent from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.18) 3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8¼
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	7.64	Three year	8.26
Two month	7.99	Four year	8.26
Three month	8.03	Five year	8.26
Six month	8.06	Seven year	8.30
One year	8.03	10-year	8.33
Two year	8.22	30-year	8.35

Jan.18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.65-7.75	8.00-8.15	7.95-8.10	8.05-8.25	8.30-8.45	8.00
Paris	10⅛-10¼	10¼-10⅜	-	11-11⅛		9.50
Zurich	8¾-9¼	9½-9¾	-	9⅜-9⅝	-	-
Amsterdam	8.75-8.85	8.78-8.88	-	8.90-9.00	-	-
Tokyo	6⅜-6⅞	6¾-6⅞	-	6⅞-6⅞	-	-
Milan	12½-12¾	13-13½	-	12¾-13⅛	-	-
Brussels	9.90	10⅛-10⅜	-	10⅜-10⅝	-	-
Dublin	11⅜-11⅝	11⅞-12	11⅞-12	11⅞-12⅛	11⅞-12	-

LONDON MONEY RATES

Jan 18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15½	15⅛	15¼	15½	15⅜	15⅜
Interbank Bid	14¼	14⅞	15⅛	15¼	15¼	15⅛
Sterling CDs	-	-	15⅛	15⅛	15⅛	15
Local Authority Deps.	14⅞	14⅞	15⅛	15⅛	15⅛	15¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14⅞	14⅞	14⅞	-	-
Company Deposits	-	-	15¼	15⅜	15⅜	15⅜
Finance House Deposits	-	-	15¼	15¼	15¼	15¼
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14¾	14⅝	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.28	8.30	8.40	8.52
SDR Linked Dep. Offer	-	-	8⅞	9⅛	9⅛	9⅛
SDR Linked Dep. Bid	-	-	8⅞	9	9⅛	9⅛
ECU Linked Dep. Offer	-	-	11	11⅛	11½	11½
ECU Linked Dep. Bid	-	-	10⅞	11⅛	11⅛	11⅜

Treasury Bills (sell); one-month 14⅞ per cent; three months 14⅝ per cent; Bank Bills (sell); one-month 14¾ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.5049 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 29 ,1989 . Agreed rates for period January 24 1990 to February 25 , 1990, Scheme I: 15.90 p.c . Schemes II & III: 16.38 p.c. Reference rate for period Dec.1,1989 to December 29 , 1989, Scheme IV&V: 15.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from January 1 , 1990. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 . Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

Estimated volume 437 (375)
Previous day's open int. 1683 (1838)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Mar	2360.0	2384.0	2345.0	2410.0
Jun	2403.0	2420.0	2404.0	2453.0
Sep	2432.0			2482.0

Estimated volume 7598 (5741)
Previous day's open int. 24132 (23940)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 73,545
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	15	Comm.Bk.N.East	15	Northern Bank Ltd	15
Adam & Company	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Trust Bank	15	Coutts & Co	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Cyprus Popular Bk	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Dunbar Bank PLC	15	Provincial Bank PLC	16
Associates Cap Corp	14	Duncan Lawrie	15	Roxburghe G'rantee	15½
Authority Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Bank of Baroda	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16	Standard Chartered	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	TSB	15
Bank Credit & Comm	15	Robert Fraser & Ptrs.	15½	● United Bk of Kuwait	15
Bank of Cyprus	15	Girobank	15	United Mizrahi Bank	15
Bank of Ireland	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of India	15	HFC Bank plc	15	Western Trust	15
Bank of Scotland	15	● Hambros Bank	15	Westpac Bank Corp.	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Benchmark Bank PLC	15	● Hill Samuel	§15		
Brit Bk of Mid East	15	C. Hoare & Co.	15		
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		
		NatWestminster	15		

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High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	342xd	0	10.3	3.0	9.2
38	24	Armitage and Rhodes	24	0	-	-	-
210	149	Bardon Group (SE)	181xd	0	4.3	2.4	17.6
125	102	Bardon Group Cv Pref (SE)	111	0	6.7	6.0	-
123	74	Bray Technologies	77	0	5.9	7.7	6.8
110	96	Bremhill Conv. Pref	96	0	11.0	11.5	-
104	96	Bremhill 8¼% New C.C.R.P	96	0	11.0	11.5	-
310	285	CCL Group Ordinary	310xd	+1	14.7	4.7	3.8
176	167	CCL Group 11% Conv.Pref	167	0	14.7	8.8	-
225	140	Carbo Plc (SE)	210	0	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	1.5	Magnet Gp Non-Voting A Cnv*	1.5sus	0	-	-	-
5	0.75	Magnet Gp Non-Voting B Cnv*	0.75sus	0	-	-	-
130	119	Isis Group	120	0	8.0	6.7	6.9
145	58	Jackson Group (SE)	109	0	3.6	3.3	12.7
322	261	Multihouse NV (AmstSE)	268	-2	-	-	-
158	98	Robert Jenkins	142xd	-1	10.0	7.0	5.2
467	365	Scruttons	368	-2	18.7	5.1	9.8
300	270	Torday & Carlisle	297	0	9.3	3.1	10.3
117	100	Torday & Carlisle Cnv Pref	104	0	10.7	10.3	-
122	75	Trevian Holdings (USM) SE	80xd	0	2.7	3.4	8.6
160	106	Unistrut Europe Conv Pref	160	0	9.3	5.8	-
395	350	Veterinary Drug Co. PLC	350	0	22.0	6.3	9.4
370	301	W.S Yeates	300	0	16.2	5.4	25.0

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EUROPE'S BUSINESS NEWSPAPER

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INSURANCE COMPANIES ACT 1982

NOTICE OF APPROVAL OF TRANSFER OF BUSINESS

Notice is hereby given under Section 51(5) of the Insurance Companies Act 1982 that the Secretary of State, having considered an application from the Travellers Corporation (UK) Limited for his approval of a transfer of business to La Metropole SA has approved the transfer.

Notice of the application was published in the London, Edinburgh and Belfast Gazette, the Financial Times and Lloyds List on 16 June 1989.

IG INDEX
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Tel: 01-828 7233 AFBD member

FTSE 100	WALL STREET
Jan. 2326/2336 -19	Jan. 2638/2650 -14
Mar. 2352/2362 -23	Mar. 2652/2664 -12

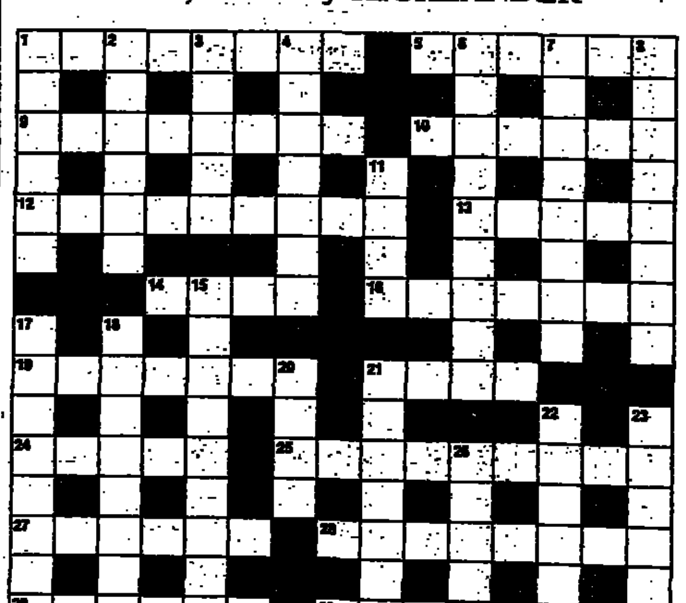
5pm Prices. Change from previous 9pm close

CAL
MEMBER AFBD
FOR AN UPDATE ON THE D. MARK
CAL Futures Ltd
Windsor House
50 Victoria Street
London
SW1H 0NW
Tel: 01-799 2233
Fax: 01-799 1321

JOTTER PAD

CROSSWORD

No.7,142 Set by HIGHLANDER



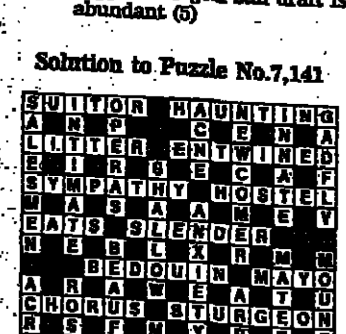
ACROSS

1 Make a display with blossom (8)
5 Oarsman's brilliant feat (6)
9 They'll haphazardly introduce aluminium in a very dangerous way (8)
10 To climb on a donkey reportedly is the intention (6)
12 One depression, one state, all the same (9)
13 Player responsible for current high place (5)
14 Heads back to observe location (4)
16 Depends for support in church to remove filth (7)
19 Least distant listener in secluded spot (7)
21 Target for the listener however (4)
24 Section of American designer's range (5)
25 Departs quickly: time for bed (6,3)
27 Those attending to the French cake (6)
28 Don't forget: arm the soldiers at the front (8)
29 Give notice to second in command (6)
30 Maintain quiet sanctuary (8)

DOWN

1 Take capsule if upset: it provides boost (6)
2 Not allowed to permit opening (6)
3 Get uncomfortably hot as tucked in bunk (5)
4 Soil disturbed and twitch turned over by request (7)
6 Will try men at assembly (9)
7 Not concealed by person making innuendo (8)
8 Damaged rod needs to be supported (8)
11 Prevent stated group of countries acting together (4)
15 Forcibly enlist iron workers' group (5-4)
17 Photographic equipment printing small measure bigger size (8)
18 Gives authorisation and separates partners (8)
20 In the period before one has to cultivate land (4)
21 To put up with infection is first nightmare (7)
22 A long, curling wave sounds like senselessness (6)
23 The way Vera cooked, one has to be hungry (6)
26 Support for golf ball draft is abundant (5)

Solution to Puzzle No.7,141



WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices January 17

MONTREAL
Closing prices January 17

Sales	Stock	High	Low	Close	Chng
7770	Cascades	$05	05	05	
4970	DomTxtA	$15	14⅞	24⅞	− 1
403	Donohue	$10⅝	10⅝	10⅝	+ ⅛
5750	Memotec	$10⅝	10⅜	10⅜	− ⅛
204056	NatBk Cda	$11½	11¼	11¼	− ⅛
28050	Noverco	$12	11¾	12	+ ¼
143315	Power Corp	$15¾	15½	15½	− ⅛
18411	Provigo	$09⅝	09½	09⅝	
110	Quebecr A	$14⅞	14⅞	14⅞	
100	Quebecr B	$12⅝	12⅜	12⅜	− ⅛
11710	Videotron	$14¼	14	14	− ¼

Total Sales 6,044,825 shares.

INDICES

NEW YORK

DOW JONES	Jan 17	Jan 16	Jan 15	Jan 12	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2659.13	2692.62	2669.37	2689.21	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	92.34	92.49	92.63	92.74	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1146.87	1156.47	1135.14	1140.65	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	221.39	221.52	220.13	220.70	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2711.39 (2698.38) Low 2643.77 (2634.17)

STANDARD AND POOR'S

	Jan 17	Jan 16	Jan 15	Jan 12	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	337.4	340.75	337.00	339.93	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	387.99	391.83	387.45	390.72	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	29.59	29.88	29.68	30.04	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	186.86	188.37	186.71	188.32	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	368.06	368.41	368.58	372.23	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	438.68	440.16	436.64	439.72	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan 12	Jan 5	Dec 29	year ago (approx.)
Dow Industrial Div. Yield	3.96	3.84	3.87	3.60

	Jan 10	Jan 3	Dec 27	year ago (approx.)
S & P Industrial div. yield	2.94	2.86	2.95	3.21
S & P Indl. P/E ratio	14.80	15.19	14.74	13.23

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Aristech Chem	5,580,600	25¼	+ ½
Citicorp	3,924,100	26¾	+ ⅜
Varity Corp	3,293,900	3	+ ⅛
Philip Morris	2,589,900	38⅞	− ½
IBM	2,231,500	98⅞	− 1¼
Fannie Mae	1,775,300	36¾	− 1
Alcoa	1,643,600	66⅞	− 5⅞
Gen Electric	1,643,200	63	− ¼
Am T & T	1,613,700	42½	− ⅝
Gen Motors	1,465,800	42	− ½

TRADING ACTIVITY

† Volume (Millions)	Jan 17	Jan 16	Jan 15
New York	170.470	186.070	140.590
Amex	11.788	14.036	11.035
NASDAQ	139.152	147.594	108.055
Issues Traded	1,978	1,988	1,945
Rises	649	811	396
Falls	867	723	1,066
Unchanged	462	454	463
New Highs	14	8	9
New Lows	44	86	71

CANADA

TORONTO	Jan 17	Jan 16	Jan 15	Jan 12	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3137.04	3220.74	3242.03	3261.01	3919.2 (1/9/89)	3137.0 (17/1/89)
Composite	3872.27	3899.98	3894.01	3881.84	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1959.90	1974.08	1963.27	1961.92	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 18	Jan 17	Jan 16	Jan 15	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1677.5	1682.8	1675.4	1681.7	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	848.9	857.0	852.6	852.6	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	555.47	560.35	551.02	563.92	581.75 (12/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6456.85	6498.45	6489.81	6529.3	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	374.24	374.09	369.19	368.06	374.24 (18/1/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	632.5	625.5	627.3	631.1	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	535.5	533.5	534.9	536.2	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1934.72	1953.14	1935.21	1962.89	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	744.13	757.82	755.56	769.50	776.71 (12/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2186.8	2232.3	2227.5	2269.0	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1779.17	1802.48	1788.68	1841.61	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2771.67	2754.84	2751.79	2786.69	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1855.89	1859.02	1839.22	1849.85	1866.93 (11/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	696.37	695.88	695.66	702.03	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	36729.46	36821.14	36850.36	(c)	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2705.41	2719.48	2723.88	(c)	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4078.19	4081.93	4000.92	(c)	4081.93 (17/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	574.09	574.32	567.34	569.46	592.90 (11/1/90)	357.31 (3/1/89)
NETHERLANDS						
CBS TU Rtn Gen.(End 1983)	250.2	252.3	250.6	255.0	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	191.9	193.5	192.2	195.6	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	737.30	735.85	726.80	735.01	751.87 (11/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1059.25	1057.76	1056.12	1076.51	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	422.78	422.57	418.24	421.56	433.24 (11/1/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	2163.0♦	2184.0	2230.0	2224.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2990.0♦	2996.0	3017.0	3023.0	3023.0 (15/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	874.81	874.41	883.43	883.04	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	286.49	288.03	287.29	290.96	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	4464.4	4494.3	4416.4	4486.3	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	759.6	(u)	763.3	776.0	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	11153.05	10835.67	10904.90	10867.64	11153.05 (18/1/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	862.97	864.96	877.68	894.20	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	543.6	544.9	551.0	571.0 (4/1/90)	487.6 (13/6/89)

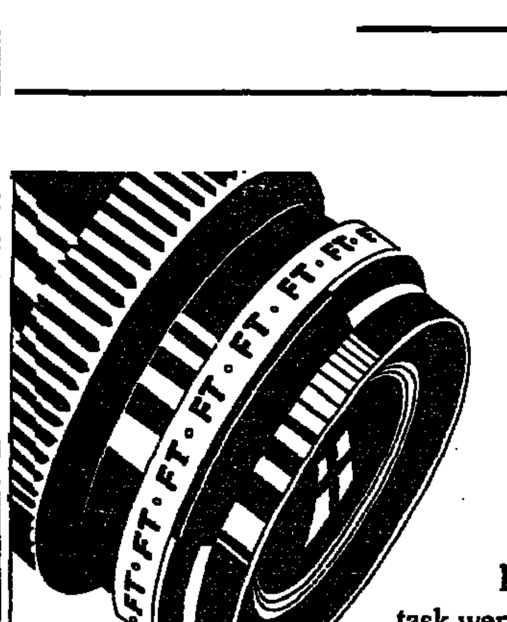
**Saturday Jan. 13: Taiwan Weighted Price: 10559.20 Korea Comp Ex. 893.47

♦ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday January 18 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	26.8m	701	-9
Dowa Mining	14.4m	1,530	+30
Toyko Elctrn	11.0m	4,020	+140
Nippon Mining	8.8m	1,080	+20
Sumitomo Mt Id	7.3m	766	-19
Dainippon Scrn	6.7m	1,880	+110
Toshiba	5.6m	1,160	0
Nikon	5.6m	1,680	+40
Makita	5.3m	2,880	+20
Cosmo Oil	5.1m	1,310	+80



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2pm prices January 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	24¾	AAR	.48	1.5	19	795	31½	30¾	31⅜	+ ½
9⅝	8½	ACM n	1.01	10.		378	9⅝	9⅝	9⅝	+ ¼
11⅝	10½	ACMIn	1.26	11.		180	11¼	11⅛	11⅛	– ⅛
9⅞	8	ACM M n	1.01	11.		134	9⅛	9	9	
11½	10	ACM Sc	1.26	11.		640	11⅜	11¼	11¼	– ⅛
9⅝	8⅞	ACMSp	1.01	11.		387	9⅜	9¼	9¼	– ⅛
19⅜	11½	AL Lab	.16	.9	18	12	17⅞	17¾	17¾	– ¼
4⅛	3⅛	AMCA	.12e	3.4	9	50	3½	3½	3½	– ⅛
6⅛	3⅞	AM Intl			9	704	4	3⅞	4	
23½	16⅝	AM In pf	2	11.		14	18⅝	18⅝	18⅝	
107½	52⅝	AMR			7	3292	56¾	55½	55⅞	– ⅝
6	3⅛	ARX				65	3⅜	3⅜	3⅜	
63	38¼	ASA	3a	4.8		1135	62¾	61¼	61⅞	– ¾
35⅛	16¾	AVX	.24	.7	33	5214	35	34⅛	34⅜	– ⅛
70⅞	48¼	AbtLab	1.40	2.1	17	1194	66⅞	65⅞	66⅞	+ ½
16¼	11¼	AbitiBl g	.50			9	11¾	11⅝	11¾	
13	8¼	AcmeC	.40	3.8	14	34	10¾	10⅝	10⅝	
38½	22	Acuson			21	163	31¼	31	31⅛	– ¼
16½	12⅞	AdaEx	2.06e	13.		194	15¾	15½	15⅝	– ¼
15⅛	8¾	Adobe				9	12⅝	12½	12⅝	+ ⅛
20¼	16½	Adob pf	1.84	9.6		11	19⅛	19⅛	19⅛	– ⅛
10½	7⅛	AMD			17	726	7⅝	7½	7½	– ⅛
35	28½	AMD pf	3	10.		5	29⅝	29⅝	29⅝	
10⅛	6⅝	Advest	.16	2.3	10	29	7	6⅞	6⅞	
62½	47⅝	AetnLf	2.76	5.2	9	1234	53⅛	52⅜	53⅛	+ ⅛
14	10½	AfilPb	.24	2.3		711	10⅝	d10⅜	10⅜	– ⅛
25	16⅛	Ahmans	.88	5.0	9	2337	17⅝	17	17½	+ ¼
3⅞	2¼	Aileen				5	2½	2⅜	2⅜	– ⅛
50¼	40	AirPrd	1.32	2.8	12	760	48⅛	47⅜	47⅜	– ⅝
39⅝	21½	AirbFrt	.60	1.7	18	3084	35⅞	35	35⅛	– ⅝
25⅛	16	Airgas			10	50	18	17¾	17⅞	

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from previous Page

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

AMEX COMPOSITE PRICES

2pm prices January 18

NASDAQ NATIONAL MARKET

2pm prices January 18

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AMERICA

Bargain-hunting reduces decline

Wall Street

MORE DISAPPOINTING corporate earnings and a perception that the US Federal Reserve does not want to ease monetary policy any further prompted another bout of selling yesterday, but bargain-hunting emerged at the lows, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was 14.51 lower at 2,644.62 on moderately active volume of 122m shares. The Dow had lost 33.49 on Wednesday.

In mid-morning yesterday, the Dow had declined by nearly 25 points but it then started to bounce back. However, the bargain-hunting came mainly in blue chips and the broad market lagged the recovery in the Dow. At midsession, the Standard & Poor's 500 was 2.79 points lower at 334.61, the equivalent of a drop in the Dow of about 20 points.

The bad start came in response to a number of factors. Selling pressure emerged after Digital Equipment reported a sharp drop in net income in its second quarter compared with a year earlier.

Then, remarks by Mr Manuel Johnson, Fed vice chairman, were interpreted as a hint that he no longer supported a further easing in US monetary policy. He said he did not anticipate a recession.

The belief that interest rates would not fall any further hurt Treasury bonds, which were quoted a full point lower at one stage, as well as the stock market. The yield on the long bond rose to its highest level since last June.

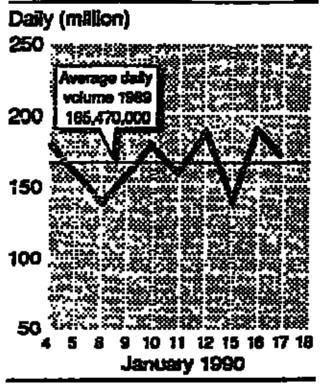
Economic releases yesterday included news that the Consumer Prices Index rose by 0.4 per cent in December, slightly lower than expected, and that housing starts slumped by 8 per cent last month, a very weak figure.

Fourth quarter corporate earnings announcements so far this week, following markedly weak figures in the third quarter, have been disappointing.

In this context, the prospect of no further cuts in interest rates is deeply worrying to the equity market. Its ability to bounce back yesterday simply reflected the fact that there were some bargains to be had after the plunge in the market since the January 2 record high on the Dow of 2,810.15.

In the morning, Goldman Sachs recommended clients to cut the stocks component of their portfolios from 65 per cent to 50 per cent. Mr Steven Einhorn said that this decision was based on the fact that the Fed had been slower in its easing of monetary policy than he had expected and that there was a higher risk now that "the earnings anaemia will be longer-lasting than expected."

NYSE volume



Digital Equipment slumped $5⅝ to $82¼ after the company announced that net income in its second fiscal quarter ending in December was $155.4m, compared with $279.6m in the same quarter a year earlier.

Tandem Computers, which reported net income for its December quarter on the low side of forecasts, dropped $1 before recovering to stand $⅝ higher at midsession at $25⅝.

It was not all gloom in the technology sector, however, with several companies reporting better-than-expected results. Among them was Microsoft, which jumped $6¾ to $93¾ in over-the-counter trading.

Elsewhere, Consolidated Rail added $1¼ to $47¾ in a favourable response to details of a financial restructuring plan.

Union Pacific gained $¾ to $76⅝ after reporting fourth quarter earnings from continuing operations of $1.64 a share, up from $1.37 a year ago.

Caterpillar reported net income of $107m in the fourth quarter compared with $163m in the quarter a year ago. Having dropped sharply on Wednesday on the company's warning that earnings would be sharply lower, the share price recovered to stand $⅞ higher at $55¾.

Canada

THERE WAS a small decline in Toronto in early trading, as lower corporate profits, rising interest rates and uncertainty over prospects for Eastern Europe kept investors away.

The composite index slipped 3.6 to 3,868.6, with declines leading gains by 154 to 84.

Long arm of arbitrage alarms Japan

Michiyo Nakamoto on why investors are picking non-index stocks

INVESTORS in Tokyo, discouraged and annoyed by the impact of arbitrage and other index-linked investment mechanisms, have been turning their attention to shares which do not figure in the Nikkei average and are not subject to the vagaries of programme trading.

Most of them have been surprised, even alarmed, by the speed and extent of this year's correction. Share prices have dropped more than 5 per cent since their end of December peak; and some blame has been attached to the arbitrage activity, which was often given the credit for last month's rally.

In arbitrage between futures and the daily share price index, which is one form of programme trading, the arbitrageur tries to take advantage of any discrepancy between the index futures and the underlying Nikkei or Topix index. Futures may be valued much higher than the underlying cash index because people believe that share prices are going to rise.

At that point, the arbitrageur may buy the shares which make up the cash index at the lower, current price and sell the futures. The position can be unwound by selling those shares when the futures contract expires, and the difference (minus costs and so on) is profit or loss to the arbitrage trader.

At the end of last year, investors were particularly bullish about short-term prospects, and Nikkei index futures were trading at a substantial premium. Day after day, arbitrageurs sold the futures and bought the cheaper underlying shares, thereby pushing the Nikkei average up.

The impact of arbitrage on the cash market has led the Japanese authorities to suggest that some form of regulation on programme trading might be necessary

On many a day, the Nikkei jumped more than 100 points in the last hour or even half-hour of trading, as also frequently happens on Wall Street. In Tokyo, this drew complaints from those traders that had nothing to do with arbitrage that the perpetrators were camouflaging the true state of the market.

So far this month, exactly the opposite has been happening. Arbitrageurs have been selling the cash index, while the futures have been trading at a discount. This is putting downward pressure on the cash market and, since the market itself is in a correction, it has tended to accelerate the downswing.

Prospects for the yen, interest rates and the bond market have deteriorated, investors have become bearish about short-term prospects and so index futures have begun to fall. As the gap between the futures and cash indices narrowed, the incentive for buying the cash index turned into an incentive to sell.

Foreign houses, particularly US firms, have been the most active in arbitrage. Its impact on the cash market has led the Japanese authorities to suggest that some form of regulation on programme trading might be necessary.

But the arbitrageurs themselves claim that arbitrage is a product, rather than a cause, of volatility.

"Arbitrage by foreign firms is not the only cause of volatility on the cash market," says Mr Louis Tseng, manager of global equity derivatives at Goldman Sachs, the US investment bank. The underlying cause, he thinks, is the volatility on the futures market itself, brought on by the big institutional investors who are active there.

That creates discrepancies between futures and the cash indices, and opens up arbitrage opportunities. The implication is that, as long as there is volatility on the futures market itself, there will be arbitrage to create volatility on the cash market.

"Arbitrage doesn't raise or lower share prices on its own, but only accelerates the market's trend," says Mr Masami Murakami, general manager of the Equity Futures and Options Department at Nikko Securities.

Mr Murakami claims that the impact of arbitrage buying or selling on a healthy market is very small.

It is only when the market is overly bullish or overly bearish to begin with, that the impact of arbitrage activity becomes significant.

EUROPE

Global weakness catches up with the Continent

THE BIG bourses found it hard to ignore the bearishness elsewhere in the world yesterday, and even Scandinavia put in a more mixed performance, *writes Our Markets Staff.*

FRANKFURT resumed its slide as the FAZ index fell 13.69 to 744.13 and the DAX closed the day 23.08, or 1.3 per cent lower – an aggregate drop of 4.1 per cent since last Friday. Volume declined again, too, from DM8.4bn to DM7.7bn.

International blue chips took the strain as Deutsche Bank dropped DM9.80 to DM811.30, Daimler shed DM20 to DM819 and Siemens fell DM10 to DM707. Slightly lesser lights fared better: Commerzbank rose DM1 to DM298, and it must have been an unkind cut for Daimler, down DM55 since Friday, to see Porsche jump DM12 to DM952.

Porsche rose on rumours last week, but yesterday's lift came on the news that a Swedish real-estate developer had acquired a sizeable stake in the company. Speculation moved to Hoesch or Klöckner-Werke as possible takeover targets, leaving them DM10 and DM16 higher at DM312, and DM263 respectively.

Not all the company news was good. Mannesmann, the steel company which is transforming itself into a top engineering group, dropped DM9.80 to DM349; workers in its steel-pipe plant in Mühlheim have been put on short shifts because of a drop in orders.

PARIS ended weaker in a dull session, but managed to recover from its worst levels after the US consumer price figures provided some encouragement. The CAC 40 index closed 18.42 lower at 1,934.72 and turnover was estimated at FFr2.5bn or below.

Stocks which had seen rises saw profit-taking. Hence Chargeurs, the conglomerate, closed FFr19 weaker at FFr1,336 and Club Med lost FFr17 to FFr771. Peugeot shed FFr13 to FFr748 amid general concern over car sector prospects, while LVMH slipped FFr110 to FFr5,030 in spite of its forecast of a strong rise in 1989 profits.

Ciments Français dropped FFr25 to FFr1,540, apparently more because of problems over its five Turkish cement plants rather than its bid for full control of Financiera y Minera, the Spanish cement group.

Thomson-CSF ended FFr1.20 higher at FFr145.50 after pulling out of takeover talks for Ferranti of the UK.

AMSTERDAM lost Wednesday's gain, and more, as nervousness about the performance of Wall Street and continued high short-term interest rates at home put a dampener on sentiment. The CBS tendency index fell 1.2 to 113.2 as volume rose to a moderate Fl 862m from Fl 690m.

A weak bond market and selling related to the expiry of certain options contracts today were also blamed for the decline.

MILAN was nervous, but it came out marginally ahead with the Comit index up 0.49 to 696.37. The rumour that Mr Carlo De Benedetti is negotiating to sell his share in the publisher, Mondadori, persisted despite an official denial on Wednesday.

The key De Benedetti holding company, Cir, held virtually all of Wednesday's after-hours gain to close at L4,980, up L150, although it shed some of this after hours.

ZURICH saw selling in bank shares, which began early in the session and pulled the rest of the market gradually lower. The Crédit Suisse index dipped 7.8 to 606.7.

The banking sector, which has been strong recently in anticipation of good earnings growth, fell back, with Union Bank down SFr60 to SFr3,940 and CS Holding SFr70 lower at SFr2,510.

HELSINKI advanced in record volume, boosted by stake-building in the forestry sector.

The Unitas all-share index rose 7.0 points, or 1.1 per cent, to 632.5. Total volume was a record FM1.44bn, of which free shares accounted for FM240m.

Metsä-Serla said it had bought 25.7 per cent of United Paper Mills (UPM). The bourse said that more than FM1.3bn worth of UPM shares had changed hands; a block purchase of 2.9m United Paper shares from Skopbank was the exchange's biggest to date.

UPM ordinary free shares rose FM20 to FM185 and its preferred free shares gained FM16 to FM130.

Industrial action by bank employees could close Finnish markets in a couple of weeks' time, some brokers warned, if agreement was not reached in wage negotiations. The bourse said that it would open today in spite of a planned one-day strike by bank staff.

COPENHAGEN again saw interest in its insurance and banking shares, although volume was light as investors kept a cautious watch on overseas markets. The bourse index edged up 0.15 to a record 374.24.

STOCKHOLM fell back after its previous day's advance, discouraged by figures showing a rise in domestic consumer prices for November and by declines on foreign markets.

The Affärsvärlden General index lost 15.8 points, or 1.2 per cent, to 1,280.9, on busy turnover of SKr464m.

The forestry sector, which has been falling in recent days on lower prices for products on world markets, recorded the sharpest losses. SCA free B shares fell SKr6 to SKr114 and Stora restricted As lost SKr10 to SKr302.

MADRID returned to the doldrums after Wednesday's brief respite, and the general index slid a further 1.54 to 286.49 in subdued trading.

BRUSSELS was worried by the unrest in the Soviet Union and by the falls on Wall Street and in Tokyo, and share prices eased in quiet trading. The cash market index lost 33.60 to 6,456.85.

One winner was Luxembourg steel maker Arbed, which rose BFr20 to BFr5,130 on news of the parent company's better steel output in 1989.

SOUTH AFRICA

GOLD SHARES continued to decline on profit-taking, in moderate trading in Johannesburg. Institutions and foreigners mostly stayed away.

ASIA PACIFIC

Nikkei falls again after losing initial steam

Tokyo

A MEASURE of stability on the currency front gave the market a boost in early trading yesterday, but bond market jitters later triggered selling that took the Nikkei average down for the fourth day running, *writes Michiyo Nakamoto in Tokyo.*

Investors were clearly not interested in doing much business, and volume slipped from an already paltry 565m shares on Wednesday to 527m.

After an initial burst of strength, the Nikkei lost steam by the morning close and went more or less downhill for the rest of the day. It moved from a high of 37,003.43 to a low of 36,521.38 before closing down 91.68 at 36,729.46.

Declines, at 631, were more than double advances at 309, and 188 issues were steady. The Topix index of all listed shares lost 14.07 to 2,705.41, while the ISE/Nikkei 50 index in later London trading fell 10.54 to 2,010.87.

Investors have been taking the market's weakness in their stride. A strong faith in its resilience has meant investors have been sidelined rather than panic-selling. "People are very calm," said Mr Charles Lambert of Jardine Fleming. "It's as if they don't realise that the market is down almost 2,000 points since the beginning of the year."

Interest was strong in smaller issues and the over-the-counter market was up 1.9 per cent. On the TSE first section, the focus was on higher-priced, smaller capitalisation issues, particularly high-technology electricals, as these offer quick price rises on little volume when the market's energy is low.

Tokyo Electron, a specialised electronics importing company, gained Y140 to Y4,020 and was third in volume, with 11m shares traded. Investors were encouraged by prospects of strong business results stemming from the recovery of the US semiconductor market and by speculation that the company would offer a free scrip issue.

High-tech issues were also favoured as laggards and because they tend to have a higher equity to debt ratio and are not negatively affected by high interest rates. Nikon rose Y40 to Y1,660 and TDK, the magnetic film maker, gained Y180 to Y6,240.

Large capital issues that are interest-rate sensitive lost favour. Nippon Steel topped the volumes list with 26.8m shares but fell Y9 to Y701. The public offer price for its new issue was set on Wednesday at Y689; analysts expect Nippon's share price to fluctuate around that level for some time.

Dowa Mining was second in volume, with 14.4m shares, and advanced Y30 to Y1,530 on news that exploration work was to be started in the mine where a high-yield vein of gold was discovered last year.

Oil companies were in the limelight before the visit of the Saudi Arabian Oil Minister to Japan next week. There has been speculation that the Saudis will strengthen their ties with a Japanese company, with Mitsubishi Oil the most frequently mentioned.

Mitsubishi was up Y70 to Y1,630 and Cosmo Oil added Y80 to Y1,310.

The Osaka market suffered from declines in large capital issues and profit-taking in electricals and the OSE average fell 197.70 to 37,957.78. Turnover dropped to 44.8m shares from 45.4m on Wednesday.

Roundup

AMID DANGER signals on Wall Street and in Tokyo, a number of markets in the Pacific Basin looked unsettled. Against this background, Taiwan's performance seemed remarkable, and Hong Kong's parochial in a limited way.

TAIWAN surged through the 11,000 level on the weighted index to close 317.38, or 2.9 per cent, higher at a record 11,153.05.

The market was driven by gains in the heavily weighted financial sector, which jumped 5.8 per cent. Several of the bank stocks, which have been weak in recent days, reached their daily ceiling of 7 per cent cent. Turnover was valued at NT$131.7bn (US$5bn), about the same as the previous day; the banks accounted for more than half of this.

HONG KONG came out ahead after a volatile but thin day, with the Hang Seng index rising 16.83 to 2,771.67 as turnover shrank from HK$679m to HK$526m.

Yesterday's stimuli included more news on infrastructure spending, the growth in numbers of Hong Kong companies, and the doings of Citic, the Republic of China's investment arm, which has decided in principle to buy 20 per cent of Hong Kong Telecom.

AUSTRALIA declined in nervous trading, the All Ordinaries index easing 5.1 to 1,677.7. Confidence was weakened by Tokyo, and a sharp drop in BHP, which fell 10 cents to A$9.70 in turnover of 1.6m shares.

BHP tumbled on news that the Ok Tedi copper mine in Papua New Guinea had been closed by protest action by local landowners. BHP owns a 30 per cent stake in Ok Tedi. Market turnover was 137m and A$299m, up from 112m and A$275m.

The News Corp slide continued. Another drop of 30 cents to A$12.70 left it A$1.60 lower on the week so far.

NEW ZEALAND fell on a stronger local dollar, and a bond market rally came too late to help equities. The Barclays index lost 14.22 to 1,976.71 as volume picked up to NZ$17m after a week of minimal activity.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 17 1990						TUESDAY JANUARY 16 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	155.11	+0.8	139.37	130.14	+0.3	5.24	153.89	137.77	129.73	160.41	128.28	147.13
Austria (19)	212.36	+2.0	190.81	186.02	+1.1	1.31	208.15	186.35	183.95	219.85	92.84	92.87
Belgium (61)	158.13	+0.2	140.29	136.49	+0.1	4.10	155.77	139.46	136.37	160.02	125.58	131.16
Canada (120)	148.46	−0.4	133.40	125.13	−0.4	3.20	149.02	133.42	125.66	154.17	124.67	131.55
Denmark (36)	249.00	+0.4	223.74	221.15	+0.0	1.43	248.09	222.11	221.09	250.34	165.35	156.52
Finland (26)	141.72	+1.5	127.34	118.32	+0.8	2.64	139.65	125.02	117.38	159.16	118.63	128.15
France (125)	153.64	+1.2	138.05	138.45	+0.9	2.72	151.79	135.89	137.20	157.97	112.57	113.76
West Germany (96)	126.32	+0.3	113.50	110.98	+0.0	1.89	126.00	112.81	111.00	130.32	79.56	84.04
Hong Kong (48)	113.32	+0.2	101.83	113.63	+0.2	5.02	113.13	101.28	113.42	140.33	86.41	120.78
Ireland (17)	193.73	+1.2	174.08	174.54	+0.9	2.49	191.49	171.43	173.01	196.89	125.00	128.45
Italy (96)	99.75	+0.0	89.63	93.81	−0.2	2.44	99.73	89.28	94.03	102.11	74.97	84.40
Japan (455)	182.61	−0.4	164.08	167.89	−0.4	0.46	183.33	164.13	168.55	200.11	164.22	194.01
Malaysia (36)	229.60	+1.1	206.30	238.93	+1.0	2.24	227.19	203.40	236.64	238.21	143.35	148.75
Mexico (13)	325.47	−0.4	292.45	959.02	−0.4	0.54	326.90	292.67	963.23	337.02	153.32	164.04
Netherland (43)	137.56	+1.0	123.61	119.61	+0.7	4.51	136.23	121.96	118.79	145.66	110.63	110.80
New Zealand (18)	74.39	+1.3	66.84	64.48	+0.8	5.46	73.45	65.76	63.98	88.18	62.64	70.13
Norway (24)	212.97	+0.9	191.36	188.33	+0.7	1.45	210.98	188.89	187.00	219.26	139.92	153.18
Singapore (26)	184.70	+0.8	165.96	160.70	+0.5	1.81	183.27	164.08	159.84	189.94	124.57	132.75
South Africa (60)	227.89	−0.7	204.77	158.00	+0.2	3.37	229.41	205.38	167.70	229.41	115.35	120.07
Spain (43)	157.55	+1.4	141.56	130.16	+0.8	4.07	155.30	139.04	129.12	169.75	143.14	147.55
Sweden (35)	201.85	+1.7	181.37	183.70	+1.6	1.86	198.50	177.71	180.72	206.95	138.45	143.92
Switzerland (62)	96.30	+1.2	86.53	89.97	+0.6	1.99	95.12	85.16	89.40	99.12	67.81	76.07
United Kingdom (306)	159.66	+0.6	143.46	143.46	+1.0	4.40	158.69	142.07	142.07	164.31	133.28	138.31
USA (542)	136.59	−1.0	122.73	135.59	−1.0	3.43	137.92	123.48	137.92	146.29	112.13	116.58
Europe (989)	143.10	+0.7	128.58	127.36	+0.6	3.35	142.11	127.23	126.54	146.66	112.63	114.30
Nordic (121)	195.59	+1.1	175.74	166.61	+0.9	1.69	193.49	173.23	167.16	198.12	137.95	140.80
Pacific Basin (667)	179.06	−0.3	160.89	164.40	−0.3	0.74	179.65	160.84	164.98	194.72	160.44	189.05
Euro – Pacific (1656)	164.89	+0.0	148.16	149.69	+0.0	1.66	164.84	147.58	149.69	174.18	141.56	159.11
North America (662)	137.20	−0.9	123.28	135.88	−0.9	3.42	138.48	123.98	137.16	146.68	112.79	117.38
Europe Ex. UK (683)	131.66	+0.7	118.30	117.44	+0.4	2.65	130.68	117.00	116.95	134.66	96.30	99.24
Pacific Ex. Japan (212)	136.21	+0.7	122.39	120.58	+0.4	4.79	135.32	121.15	120.16	140.05	111.93	129.64
World Ex. US (1849)	165.01	+0.0	148.27	149.31	+0.0	1.73	165.00	147.72	149.33	173.77	141.49	157.77
World Ex. UK (2085)	153.28	−0.4	137.73	145.14	−0.4	2.04	153.88	137.76	145.78	162.00	136.98	142.28
World Ex. So. Af. (2331)	153.38	−0.3	137.82	144.78	−0.3	2.25	153.83	137.72	145.24	161.84	136.67	142.05
World Ex. Japan (1936)	140.52	−0.2	126.26	133.23	−0.3	3.44	140.85	126.10	133.57	145.52	114.51	116.84
The World Index (2391)	153.83	−0.3	138.22	144.94	−0.3	2.26	154.29	138.13	145.39	162.05	136.68	141.91

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Constituent change 18/1/90: Name change: Guinness Malaysia to Guinness Anchor (Malaysia). Latest prices were unavailable for this edition.

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JOBS

Employers should practise what they preach

By Michael Dixon

FORGIVE me for asking, but there is something the Jobs column would much like to know. The question arises from a sermon recruiters have preached repeatedly over the past umpteen years.

It is that there is no use in applying for jobs by sending a standard *curriculum vitae*, however glossy. The covering letter, and preferably the *cv* itself, should be tailored to point out the fit between the applicant's abilities and the particular employer's needs.

Even though that may require hours of research in public libraries and such, it is essential for anyone who seriously wants the post on offer. The reason is that employers in general believe they have a right to expect applicants to show how they can be relied on to be worthwhile employees.

That said, I'll now put the question which concerns the organisations readers have applied to, except as new graduates considering their first job. Has any of them ever responded by going to anything like the same pains to show it can be relied on to be a worthwhile employer?

If my checks with a dozen acquaintances are a guide, the answers will mostly be "no". There were reports of occasions when the reply had enclosed the organisation's last annual report, but that is surely only the recruiter's equivalent of the applicant's sending a standard *cv*.

Moreover, even those occasions were outnumbered by times when, although no report had been sent, the candidate's ignorance of its content was treated by the company's interviewer as a telling fault.

Hence the evidence so far is that the attitude of employers to applicants is typically supercilious, even though it may often be masked by courtesy. And that raises a further question: How much longer can organisations afford to go on being so purblindly arrogant?

The answer must depend on whether falling teenage populations coupled with increasingly international markets turn out to have the effects most pundits predict. After all, there are grounds for doubt that employment conditions will change in any radical way.

In Britain, for instance, there is the memory of the raising of the compulsory school age from 14 to 16 in 1973. Although that suddenly took two years' worth of school-leavers out of the jobs market entirely, employers seemed to have no trouble in meeting their needs of staff.

On the other hand, the economic outlook was far from happy in 1973. By late summer, the main British season for recruiting teenagers, there were already omens of the oil-price crisis and other problems that later led the Chancellor of the Exchequer to describe the country's position as "by far the gravest since the end of the war."

So unless employers in general are pessimistic about the economic prospects, they might do well to budget for difficulty in recruiting over at least the few years ahead.

One experienced recruiter who certainly takes that view is Barry Curnow, chief of the MSL International consultancy and currently the president of Britain's Institute of Personnel Management. He told a recent conference in Brussels that organisations would be wise to develop "corporate *cvs*", devoting at least as much care and consideration to showing that they are good employers as they expect from applicants in showing themselves to be good employees.

Although such documents could hardly be tailored to individual wants, they might be varied to suit different kinds of workers. But in any case, Mr Curnow added, painstaking research and presentation would be required to ensure that the information included was meaningful to potential recruits.

That last proviso alone implies fundamental change in the habits of the bulk of employers. For example, many seem convinced that there is adequate jobs-market pull in the bald statement of the organisation's name, especially if it has been advertised on television.

It is a belief which is often wrongheaded. Witness the experience of a building society of household fame which lately commissioned market research into its image as a prospective employer. "The results were flabbergasting," its personnel director confessed. "The problem wasn't that we had a bad image in that way. It was that we didn't have an image at all."

To remedy such basic defects, Barry Curnow said, organisations will have to go beyond giving a verbal description of what they do and where they do it. They will also need to use visual devices, including logos, designed to woo potential workers' approval – a point which suggests to the Jobs column that it is just as well he was speaking in Brussels rather than on his native side of the Channel.

The reason is that Britain's top people still suffer from a peculiar disdain for visual communication, and compensating fixation on the written word, which began with the Reformation 450 years ago. My guess is that, in a nation devoting most of its waking hours to box-goggling, employers continue in that attitude at their peril.

But be that as it may, the case for corporate *cvs* strikes me as undeniable. Whether or not jobs become hard to fill, its strength lies in simple human decency. It is high time employers started doing unto applicants as they expect to be done unto by them.

Change-maker

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The appointment will be made within the professional range, minimum £24,783; USS benefits. The University is an Equal Opportunity Employer.

Further particulars may be obtained from the *Registrar*, University of Salford, M5 4WT (Telephone 061 745 5000, Ext 4084) to whom formal applications, including the names and addresses of three referees should be forwarded by 28 February 1990. Please quote reference ECON/71/FT.

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Aged 35-45, you will have had international credit and line marketing experience. Future opportunities will include a move into a line role.

Interested applicants should write enclosing a comprehensive CV with daytime telephone number quoting Ref: 393 to Sara Cooke, MA, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG.

Whitehead Rice

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Our client, one of the leading UK merchant banking groups, is seeking to recruit an additional executive to join its highly successful structured finance team.

The appointed individual is likely to be aged around 30, with a formal credit training, and will be responsible for structuring deals in the areas of tax-based and off-balance sheet finance. The ideal applicant will be numerate, PC literate and keen to market innovative new products to a wide range of clients. A professional qualification, whilst desirable, is less important than relevant banking experience.

An excellent remuneration package will be tailored to match the successful applicant's experience and ability.

For a confidential discussion please contact Stuart Clifford or Christopher Lawless on 01-831 9988 (01-834 1832 evenings and weekends) or write to The Bloomsbury Group, 11th Floor, New Oxford House, 137 High Holborn, London WC1V 6PL.

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The opportunity now exists to head up the Edinburgh operation with responsibility for all Scottish activities. The branch, staffed by a small but professional team, has the facility to provide a full range of corporate financing services both to its established client base and to new business.

The role will combine the programme of new business development in Scotland with the management of the branch on a day to day basis. Organisational and marketing skills will therefore both be vital, as will the maturity and professionalism required to link effectively with London.

The ideal candidate will be an ambitious executive with several years corporate banking experience who can combine the drive and flair for business development with a mature understanding of banking risks. In this respect, a knowledge and understanding of the Scottish business scene would be advantageous as would some export expertise.

Prospects within such a large group are excellent, both at home and overseas, with salary and benefits being unlikely to be an obstacle for the right person.

For a confidential discussion telephone or write with CV to:
Willie Finlayson,
ASA International Ltd.,
63 George Street,
Edinburgh EH2 2JG.
Tel: 031-226 6222.
Interviews in London and Edinburgh.

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DIRECTOR – FINANCIAL DERIVATIVES

Credit Lyonnais Rouse Limited, a wholly-owned subsidiary of one of France's largest banking institutions, is a member of The Association of Futures Brokers and Dealers and The Securities Association. The Company seeks a director to manage its broking and dealing activities in Financial Futures, Options and other Derivatives. Based in London, the position carries responsibility for the fast expanding UK operation in these products, with further global responsibilities in prospect. The Company has a mature and profitable business base from which to develop.

The suitable executive will have strong technical and staff management ability and be able to market the Company's services to a sophisticated international clientele. You will be of particular interest if you hold a senior position in Europe with a leading futures broker, securities house or bank actively engaged in trading these markets and are now looking to broaden your international experience and develop your management career.

A substantial base salary is being offered, together with profit-related bonus, executive car, attractive pension scheme and other fringe benefits normally associated with one of the world's largest financial institutions.

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This exciting position, at the hub of a multibillion dollar currency and fund management operation, offers the opportunity to work alongside both equity and bond dealers executing substantial foreign exchange orders on behalf of the fund managers. Although there is no position-taking it is essential that the individual can identify anomalies, take advantage of them and advise the fund managers on market sentiment. The group prides itself on its highly innovative approach, utilising extremely sophisticated analytical tools to help formulate investment strategy.

Candidates, probably in their late 20's, will have gained at least three years corporate dealing experience with one of the leading banks. Good analytical and communication skills together with the ability to work closely with both colleagues and clients are essential.

Whilst there is ample scope to develop within the department, this opportunity may also be considered to be a route into currency fund management.

Salary, benefits and bonus will be highly competitive and reflect the importance our client attaches to this role.

Interested candidates should contact John Green on 01-248 3653
or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814.
All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM
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Tel: 01-248 3653

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The abilities to work closely with research analysts and investment managers and, at the same time, communicate technical financial information simply and without jargon are important and you will need to have had at least 18 months' experience in financial writing.

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*Source: Based on Planned Savings Data Services Group Weighted Performance rankings across the 40 largest unit trust groups to 1.1.90.

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MICHELANGELO

NEW OPPORTUNITIES.... THE CITY IS NOT DEAD YET

Before Christmas we were all reading about the 10,000 redundancies which are supposedly imminent in the City over the next few weeks and months. Cause for concern, certainly, but there is nevertheless more demand than ever for really good people who can bring in the business and produce profits in today's highly competitive marketplace.

If you have been successful in your job up to now but, for whatever reason, you are not entirely happy with your present environment, you should be talking to us. We won't waste your time - if we can't help you, we'll tell you. We don't mailshot CV's. We don't release your CV or reveal your identity until we have obtained your express permission in each situation. We do not accept advance retainers from any client company - they all pay us only on results - so you are assured of the independence and confidentiality of our advice.

MichaelAngelo has been asked by a number of its select clients to help with their search for exceptional candidates. At this moment we are specifically interested in both sales people and traders who specialise in any of the disciplines mentioned below. In all cases we will be looking for a proven current track record and, unless otherwise stated, not less than two to three years directly relevant experience. None of these positions are for trainees and all require a background in speaking to Institutional rather than Private clients. All sales positions require you to have an established client base.

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JAPANESE EQUITY SALES
JAPANESE EQUITY WARRANTS SALES
JAPANESE EQUITY WARRANTS TRADER

EUROBOND SALES (UK, Europe, Mid East, US or Can)
JUNIOR EUROBONDS SALES (Min 1 years exp)
EUROBONDS TRADER
JAPANESE WARRANTS SALES (Tokyo based)
JAPANESE WARRANTS TRADER (Tokyo based)

SENIOR SPOT TRADER ($/Mark or £/Mark)
SPOT TRADER (Cable, or Spot in any Majors)

One final point - these are all genuine vacancies; we are not "CV-collectors." If you would like to talk about them, please get in touch by phone, fax or mail with any member of our Investment Banking Division. If you need to speak outside normal office hours, you are welcome to call 0732-62077 any evening or weekend.

Please contact Mike Doran in strictest confidence for further information.

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Reporting to the Board, the successful candidate will be responsible for the provision of a professional secretarial service. This will embrace legal and contractual matters, centralised aspects of personnel and office administration, as well as board meetings and minutes, stock exchange requirements and the filing of statutory documents and returns.

Applications are invited from either Chartered Secretaries or Lawyers who can demonstrate strong technical expertise, a logical and progressive track record and excellent interpersonal skills. The ability to work to tight deadlines and a keenness to be a key member of a forward thinking and dynamic group are essential.

For further information on this outstanding career opportunity please contact **Malcolm J. Hudson.**

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For further details, please call or write to Carol Saunders, Consultant – Banking and Finance Division, who is advising the client. Please quote ref. 6155.

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to £40,000

A leading Far Eastern securities house seeks an experienced equity analyst to research German and Swiss companies. The successful candidate will have a minimum two years' experience, be fluent in German, numerate and aged between 25 and 40. Contact: David Puddick.

SENIOR ECONOMIST
to £40,000

A leading US investment bank seek a Senior Economist to cover the US Sector. Working within the Economic Research Department, your key role will be to support the Money Markets and Fixed Income trading teams, assessing trends in the US and comparing these with other major economies. You will have an in-depth knowledge of G-5 economics, together with strong communication skills and experience of presentations to colleagues and clients. An economics degree is essential for this position: preference will be given to candidates with post-graduate qualifications. Contact: Leslie Squires.

HEAD OF SWAPS DOCUMENTATION UNIT
£ Highly Negotiable

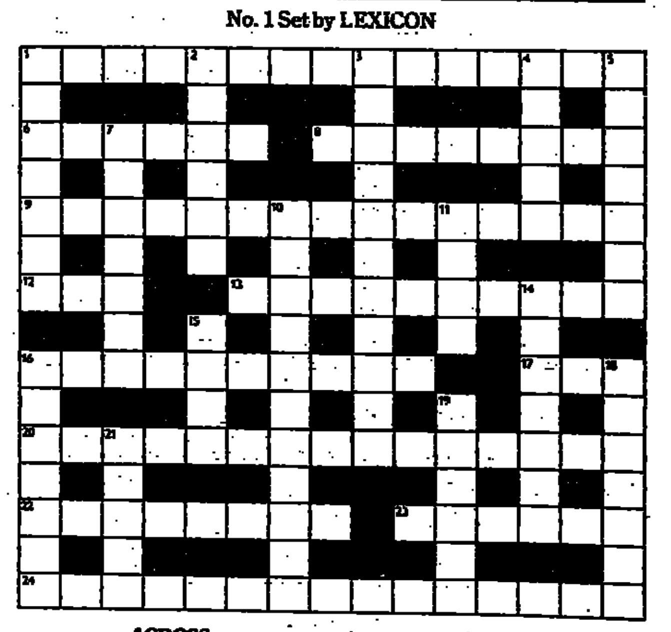
A top US investment bank is expanding its operation to include a specialist legal department, supporting the Swaps and Derivative Products division. The unit will be responsible for negotiation and documentation of transactions and will be involved in extensive liaison with traders and sales people. To direct this new team, the bank is seeking a lawyer with relevant experience at a senior level. Contact: Sarah-Jane Wittridge.

For more information on these and other positions, please contact Anderson, Squires Limited, Financial Recruitment Specialists, 127 Cheapside, London EC2V 6BU. Tel. 01-606 1706. Fax: 01-726 4031.

A bottle of 1979 Gruaud Larose will be delivered to the sender of the first correct solution, which will be published with the next Anderson, Squires crossword in February.

CROSSWORD

No. 1 Set by LEXICON



ACROSS

1. Top recruitment consultancy never squanders senior position? (8,7)
6. Nick is punch drunk before the first belle? (6)
8. The state of carnal excitement I love (8)
9. German basic investment from grave, lone German (15)
12. Longing for money (3)
13. See 17
16. When ready, dismantle and cash in (5,5)
17. and 13. One deal posing as a legitimate allowance (3,3,7)
20. Sue former policeman in time to prepare a statement avoiding liability (9,6)
22. Information store installed at a basement office (8)
23. Dips into various resins (6)
24. The laws of supply and demand are akin to commerces all over the place (6,9)

DOWN

1. Ray cut a dashing figure in insurance (7)
2. Ruin can come from infatuation about silver (6)
3. I open with a short position and the company benefit (5,6)
4. Wreck Gateshead? You could soon be regretting it (5)
5. The currency of Ireland's biggest banks (7)
7. Man and Virgin are, by nature, isolated (7)
10. A point of dispute holds up legal claims to equity offer (6,5)
11. Make a vast sum of money (4)
14. Misconceived ideas of floating lido on USM? (7)
15. With full support, it's an end in itself. Period (4)
16. Nudge nudge in the morning. You've got to do it (7)
18. Flattens southern des-res development (7)
19. Ban oil refining for the white man (6)
21. Go in for record (5)

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The International Spinal Research Trust was set up in 1981 to fund medical research aimed at curing paralysis. It has grown rapidly to become one of the top 400 UK charities.

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Salary negotiable.

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Bank of Tokyo International Limited is the UK subsidiary of the Bank of Tokyo Limited, the leading Japanese international bank. It operates highly successfully on behalf of the Bank of Tokyo Group in London in all major aspects of international banking business. The Special Finance Division is one of the most profitable and high profile teams within the bank.

Our success and consequent expansion mean that we now need to enhance this specialist team.

You should be a good communicator, numerate and/or literate, and have had demanding main stream corporate banking experience including at least 2-3 years specialising in one or more of the above three areas, working on existing and new business for a range of transactions.

With us you will be responsible for structuring and underwriting and/or participating in major financings in either projects, property or aircraft transactions. Although there will be a high degree of personal autonomy in pursuing and closing deals to tight deadlines, you will also be working in a team environment which has a reputation for the high quality of its work.

Salary is negotiable based on qualifications and experience plus performance related bonus, car and the usual bank benefits and the package for these appointments, at various levels, will be specially tailored for each individual.

Please apply in writing with full cv to: The Personnel Manager, Bank of Tokyo International Limited, 20-24 Moorgate, London EC2R 6DH or telephone E. R. Yescombe, Director Special Finance Division on 01-628 3000.

Bank of Tokyo International Limited

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Our highly trained Relationship Managers manage all aspects of our clients' financial affairs and serve as a personal link with Citicorp experts worldwide.

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Ideally, you'll have a working knowledge of tailored finance for individual wealth creation, the provision of initial equity market sponsorship or the negotiation of company mergers and acquisitions.

We expect you to have proven management skills as you will be managing a small team of professionals and will be expected to give strategic direction to our marketing efforts.

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We are seeking senior investment professionals with experience in international portfolio management or in investment counselling for private clients.

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CORPORATE FINANCE

City **c50K + Benefits**

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Reporting to the Head of Mergers and Acquisitions, your primary role will encompass qualitative research, company valuations and liaison with the marketing team to assist with corporate analysis and scenario making.

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Your analytical, numeric and evaluation ability, will be matched by the interpersonal skills needed to succeed in this dynamic and challenging environment.

The benefits package will be commensurate with the level and importance attached to this position.

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To consolidate and complement the progress a chief fx dealer is sought. The appointee will need a broadbased fx trading background covering both jobbing and strategic trading and also forward trading.
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Remuneration to include a base salary up to c.US$140,000 plus benefits.

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Trader with proven track record and professional, responsible attitude, to deal Spot Yen in a very active environment for this major international bank.

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Major European Bank wishes to recruit experienced Spot DM trader for a large and active dealing room.

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We will be happy to discuss your requirements in a professional and confidential manner.

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Kinsley Lord Ltd
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A strategic initiative is the development of existing money transmission services. You will direct the development and implementation of money transmission systems and be the primary point of contact with other organisations involved in this process. You must therefore possess the knowledge and personal credibility to manage the process on a day-to-day basis. Critical to the development of money transmission systems will be the provision of new services which enhance the level of Customer Service we offer.

In addition, you will have responsibility for a small team of highly experienced managers who control our savings administration department. This responsibility will provide you with the opportunity to plan ahead for the administrative implications of new product developments and provide significant input to the creation of new products and services.

Your experience should be in the operation of money transmission systems within the banking environment. You should possess proven operational knowledge, a strategic orientation and a desire to bring your valuable interpersonal skills to bear in a high profile and key post within the organisation.

Benefits include an attractive salary, company car, performance related pay, profit-related bonus, concessionary mortgage, optional contributory pension scheme, BUPA, and relocation as appropriate.

For further details, please send your CV with covering letter of application to: Dean Marston, Personnel & Recruitment Manager, National & Provincial Building Society, Provincial House, Bradford BD1 1NL.

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Interested applicants should contact **Charles Ritchie, Mark Hartshorne or Ann Semple on 01-831 2000 or write enclosing a full curriculum vitae to Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

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NMB BANK

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Credit Analyst

London

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You should be aged between 24 and 30, reached Grade 4 in a Clearing Bank (or equivalent), and be familiar with standard loan documentation.

In return, we can offer you a highly competitive salary plus excellent fringe benefits, including a free season ticket and a generous subsidised mortgage scheme.

Replies with an up-to-date CV, indicating how your career might be satisfied by this appointment to: Mrs Janice Wilson, NMB Postbank Groep NV, 2 Copthall Avenue, London, EC2R 7BD.

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CLIENT EXECUTIVE

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FINANCIAL RECRUITMENT

ACCOUNTANCY COLUMN

EC struggles to design comparable standards

By David Waller

FINANCE directors of European companies may find out later today whether they will have to deal with another, third tier of European Commission-inspired standards on top of the ones already promulgated by the national standard-setting bodies and the International Accounting Standards Committee.

For today marks the end of the Commission's long-awaited two-day conference in Brussels on the Future of Harmonisation of Accounting Standards within the European Communities.

Before speculating on the likely outcome of the conference, a brief recap is perhaps required – if only for those who have got lost in the arcane niceties of the UK debate about goodwill and brand accounting *during the past few weeks.*

Decades ago, the Commission saw the need to make accounts emanating from member states more directly comparable. It acted, very slowly, to produce first the Fourth Company Law Directive, which appeared in 1978, dealing with the basic accounting rules for limited companies, and, subsequently, the Seventh, in 1983, on consolidated accounts.

Slowly but surely, countries have adopted the directives into national law, but it is significant that Italy, a signatory of the Treaty of Rome, has yet to embrace even the Fourth.

The intransigence of nation states is not the only obstacle preventing comparability between the accounts of companies in similar sectors but different countries.

For a start, there is a philosophical divide between the Germanic way of accounting and the Anglo-Saxon. According to critics, the Teutonic method, whereby accounting principles are set down by law in accordance with tax requirements, is inflexible and dirigiste and bears no resemblance to so-called economic reality. By contrast, the Anglo-Saxon approach, to be found not just in the UK but also in former British colonies, is flexible and allows members of the accountancy profession to set standards without the need for legislation.

The counter-argument is that the Anglo-Saxon approach is too lax and open to much abuse at the hands of finance directors keen to massage up earnings per share. Just look at the brand-accounting saga, or companies' willingness to indulge in the jiggery-*pokeries of acquisition* accounting, carp the critics of the UK way of doing things.

A second obstacle lies in the nature of the directive itself. As the Commission has latterly recognised, a directive is too cumbrous an instrument to deal with the niceties of accounting. Research from the Fédération des Experts Comptables Européens shows that the Fourth Directive achieved a great deal of harmonisation, but only at the most basic level – for example, the way in which accounts are presented.

The research shows that directives do not tackle the more important issues very well. There is no real comparability on items such as goodwill, leasing, stock valuation, currency fluctuations, long-term contracts, provisions for pensions and pension commitments.

Hence, with 1992 looming and the need for capital to flow from one member state to another, unimpeded by deficiencies of information or mutual incomprehension, the Commission has decided to act.

Last autumn, it asked Professor Anthony Hopwood of the London School of Economics to write a report on The Future of Accounting Harmonisation in the Community. He will read his document to the conference this morning.

It will not be easy listening: the early parts of the document are theoretical in nature.

Research shows directives do not tackle the more important issues very well

What everyone will be waiting for is the section on alternative institutional approaches. In it, Prof Hopwood discusses three possibilities. They are:

● A European accounting forum. This is described as "a means for furthering dialogue, debate and co-operative change between national accounting standard setters and the Commission's."

In effect, it would be a talking-shop, with none of the Commission's authority behind it; but at least it would leave changes in standards to *individual nation states.* "A central aim of such a forum would be to address the technical and institutional impediments to more comparable financial reporting so that further accounting comparability can be achieved at the national level."

It would have to be internationally minded, writes Prof Hopwood. In other words, it would have to pay some attention to the good works of the International Accounting Standards Committee, *which has done* more than any other body to effect harmonisation around the world but suffers from being – horror of horrors – a private-sector body.

Such a forum would be financed by "*the standard setters, including* the Commission, on some agreed basis."

Prof Hopwood identifies a number of difficulties with this approach. His main doubt is whether such an organisation "would have the will and means to act in a coherent and consistently authoritative manner." Such authority would be especially needed when dealing with a variety of government and private bodies and a "growing commercialism in many audit firms and a significant concentration of their industry."

● The next suggestion is a European technical standard-setting organisation – a European version of the Financial Accounting Standards Board in the US. A model for such a body in Europe exists in the electronics industry.

That would horrify many finance directors – it would mean the introduction of a dreaded third tier of standards – and Prof Hopwood is sceptical as to whether it could work in *practice. The Commission* would be expected to pay for the whole of it, and to devolve its standards-setting powers to it, a process requiring a new directive.

A new, independent body, he *observes,* would not have the authority of a government, nor would it have the moral support that is traditionally accorded to existing national accounting regulators.

● Prof Hopwood's favoured solution is to develop the Commission's existing institutions. Thus the Contact Committee, formed when the Fourth *Directive* was introduced, should be beefed up. At present, it is staffed by officials and is not equipped to cope with the technical challenges of bringing in more harmonisation.

Thus, Prof Hopwood urges, the Commission ought to set up a technical subcommittee "consisting wholly or largely of senior representatives of national accounting standard-setting agencies within the committee."

Instead of pushing out European Standards, the Contact Committee would be able to issue authoritative interpretations of existing directives.

Prof Hopwood expresses his hope *that* the strengthened Contact Committee will be attuned to the wishes of the member states at the same time as its edicts are backed up by the authority and legitimacy of the Commission.

That, he argues, is less likely to result in either "*regulatory* excess or a well-intentioned inertia."

The UK, for one, would be upset if Prof Hopwood's recommendation was accepted: it is a firm believer in the idea of a forum. Would it be too cynical to suggest that a long period of inertia, whether well-intentioned or not, would suit the UK well?

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Holborn

Already established as a highly-regarded legal partnership, this medium-sized firm is implementing a new strategy. The strategy attaches increased importance to commercial performance, and the firm has recognised the need to recruit a skilful finance professional.

The successful applicant will *report to the Senior Partner and will* join the senior management team which directs the firm. He or she will take overall responsibility for strategic financial planning, budgets, financial and management accounting and information systems. Additional responsibilities will include the management of professional support services and personnel. Staff to be controlled number about 60.

The ideal individual will have the following attributes: an excellent academic record with finance and *administration experience* in a medium sized professional partnership or service company. Candidates should be chartered accountants with at least 10 years' post qualification experience.

We intend to discuss CVs with our client, so please list in a covering letter any firms to whom your papers should not be disclosed.

Please write with a *full CV, quoting* reference F/0045, to Miles Holford. Alternatively, feel free to call him to discuss the job in more detail on 01-334 5193.

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London
SE1 9QL

Price Waterhouse

Important new appointment with expanding legal practice

Director of Finance and Administration

(Partner Status)

£40-50,000
+ Car + Excellent Benefits

Central London

Our client is a highly successful 26 partner firm of solicitors, providing a wide range of commercial legal services mainly to corporate clients. Their reputation in many specialist fields is on a par with some of the largest U.K. practices. The firm has grown rapidly in recent years to a complement of 170, and has well-structured plans for further development.

This new appointment will be responsible to the Managing Partner for most of the firm's non-professional activities including the Accounts and Office Management functions, and will also be involved in the direction and development of the Personnel and I.T. Departments. Priorities will include developing improved management and financial information, and strengthening awareness of accounting disciplines; however there is substantial scope for a review of all the firm's non-professional operations. Finally, as a member of the Executive Board, you will play a key role in developing both the strategy and the performance criteria needed to manage the firm's future growth.

We are seeking an individual of commitment and integrity with the highest level of professional and people-management skills. You will be a qualified Accountant, most likely Chartered, aged 35-45, who can demonstrate proven abilities in the key areas of this wide ranging role, for which the excellent benefits package includes a non-contributory pension scheme and BUPA.

For a full and confidential discussion, call Neil Wax, Consultant to the Company, on 01-387 5400 (out-of-hours on 0923 819298), or write to him stating current salary and quoting ref: 10145. Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN.

financial SELECTION SERVICES
Executive Selection Division

Corporate Finance Manager

North East Hants — c. £35,000 + car

With annual turnover in excess of £200 million, our client is well established within the high technology sector, both in the UK and overseas.

In an environment of continuing change, it is now appropriate to strengthen the group finance function with the appointment of an additional high calibre individual, who will contribute to the on-going appraisal of group structure and investment opportunities, including mergers, acquisitions, disposals and joint-investment activities. This is a *high* profile position which *offers* frequent contact with main board directors.

To be considered for this challenging role you must be a chartered accountant (aged around 30), and possibly a management consultant, who offers a record of success in contributing effectively to the corporate development within client organisations. It is envisaged that the successful candidate will move into a senior line management role within an operating subsidiary in the medium term.

Please send career and personal details quoting reference F/350/A to Carrie Andrews at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

Group Financial Controller

London

Wace

c.£40,000 plus car and benefits

Wace Group is the world's leading pre-press Group, and also has a rapidly expanding printing division. Already the largest in its sector in the U.K. and U.S., it has now expanded in Europe. Turnover is currently about £170M and growth over the last five years has been outstanding, as a result of a series of strategic acquisitions and strong organic growth. The Sunday Times recently tipped the Group as one of the top ten companies to follow in the nineties.

The recent growth has created the need to recruit a Group Financial Controller. Reporting to the Group Finance Director, responsibilities include Group Reporting, Treasury Management, Taxation, Operational Reviews and Financial Planning and Control.

You should be an ambitious qualified accountant in your thirties with multinational experience and demonstrable career success to date. You must be able to work effectively in a fast moving, highly acquisitive environment, have a "hands on" proactive approach, and be keen to build your career with a demanding and successful Group.

If you think you are the self-starter we are seeking, please write to Geoffrey Rutland, FCA, ATII, at the address below, quoting reference 1616, and giving concise career and salary details and a daytime telephone number, or phone him on 01-583 3303 (office) or 01- 878 8395 (home).

BDO BINDER HAMLYN
BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

FINANCIAL DIRECTOR DESIGNATE

Essex – London Borders — ***Up to £35,000 + car***

Part of an international group our client manufactures and markets leading brand automotive products. With turnover approaching £40 million, they are committed to further development and growth in the UK and Europe.

As part of a planned succession the present Financial Director will move to a group role later this year and we are looking for an exceptional accounting manager with the ambition to assume full financial responsibility. Your immediate task will be to take over the accounting and administration functions of the UK and European operations. Managing an experienced team of fourteen providing strong financial control and producing timely and accurate management information, the challenge is to lead the team through a period of strategic change.

This appointment will appeal particulary to qualified candidates age 30 plus with significant experience covering audit and commercial accounting gained either with a large firm or multi-national manufacturing operation.

The remuneration package is flexible enough to attract outstanding candidates and will be further enhanced on appointment to Financial Director.

For an informal discussion or to request an information pack, in confidence, contact John Brooks on 01-989 8342. If you prefer, send a copy of your CV quoting reference number FT 183 to PSN Associates, 11 High Street, Wanstead, London E11 2AA.

PSN Search & Selection

Accountants for Investment Management Consultancy

As an accountant working in Investment Management, you may already be aware of our outstanding reputation in the provision of consulting advice to the European Financial Services Sector.

The multi-disciplinary team of consultants who specialise in investment management within our UK practice boast experience covering an extensive range of products and business areas. As accountants, IT specialists and strategists they have skills founded in fund management, marketing, dealing and settlements functions and the back office.

In line with our ambitious expansion plans we are currently looking for additional high calibre professionals to further strengthen our team.

Ideally in your late 20s or early 30s you must have a professional accounting qualification and a minimum of 18 months experience in Investment Management.

You will find our standards exceptionally high — in line with our client's expectations. Personal qualities, therefore, of integrity, flexibility and self-motivation are essential. The rewards are high both financially and in terms of personal satisfaction in what is a rigorously demanding but highly stimulating environment. Opportunities for progression are excellent and entirely dependent upon your personal ability. Salary should provide no barrier for the right individuals.

If you would like to find out more about this exciting opportunity please write (quoting reference: MCS/8602) to:

Anita Harris
Price Waterhouse
No. 1 London Bridge
London SE1 9QL.

Price Waterhouse

OFFICES IN: LONDON · ABERDEEN · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH · NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND, THE CHANNEL ISLANDS AND THE ISLE OF MAN

Financial Director Designate

Retail display systems — East Midlands
to £40,000 + car

Having expanded rapidly over the last few years, this group, which designs and manufactures retail merchandising equipment, now needs a high calibre finance director. The organisation has a high profile, blue-chip client list. It has a current turnover of around £10 million, is profitable and anticipates growth through diversification of its product range and acquisition.

The Group Finance Director Designate will look after all aspects of the company's financial management including strategy, treasury and cash management, financial control, costing and company secretarial matters. Working as part of a close knit management team the incumbent will be making an important contribution to the group's future success.

Candidates should therefore be qualified accountants with a strong track record of financial management gained in a manufacturing organisation. They must have a positive approach and a high level of business acumen. Practical experience of developing costing and computerised accounting systems would be an advantage.

A salary of up to £40,000 is offered together with executive car, private health cover and contributory pension scheme.

Please write, in confidence, enclosing full career details to Jane Woodward at the address below, quoting reference number SHA. 1414.

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE RESOURCING, 8 BAKER STREET, LONDON W1M 1DA
FAX No: 01-487 3686
A member of Horwath International

Merchant Banking

Internal Audit
To £35,000. Outstanding Prospects

We are acting for a well-established and successful Merchant Bank with diverse activities, an excellent clientele and a growing presence in the U.K. and continental Europe. Recent developments will provide the Bank with further substantial opportunities in Europe during the 1990s.

A reorganisation has created two openings, for an Audit Manager and an Audit Senior respectively. The Manager will report to a Director who has a broad range of responsibilities, and will assist the Director in his role as Compliance Officer.

The appointments represent an excellent introduction to Merchant Banking for Chartered Accountants with, perhaps, three years and twelve months post qualification experience respectively. Both will be expected to progress into other business or managerial roles in the short to medium term. Applications are also invited from non-accountants with relevant experience in banking and an interest in this field.

Salaries are negotiable in the £25–35,000 range and a good banking package will be offered.

Please write in confidence, enclosing career details and quoting reference 174/1, to Nigel Halsey, Managing Director, at the address below. Telephone 01-495 4446.

The Halsey Consulting Partnership
34 Brook Street, Mayfair, London W1Y 1YA

CONDER GROUP PLC

FINANCE DIRECTOR

Conder Products

Winchester — Attractive package inc. car

Conder Products is a leading specialist in forecourt cover, and underground tankage of various types, for a wide variety of commercial and industrial applications. Its canopies are supplied to all the U.K. petrol majors and to many other parts of the world. The company is a highly profitable part of a successful and growing group, which is a major force in the construction and property sectors.

This is a key role in the small management team of a very commercial, sales-driven business. You would manage a small team supported by strong central resources and be responsible for finance, accounting, MIS and business development. There is considerable contact with other parts of the group and the company is currently expanding in Europe, including forming a joint venture in Spain.

Candidates must be qualified with a track record of successful financial management in commercial business. Experience of new product launches and joint ventures will be useful. Longer term prospects within the group are excellent. A competitive salary will be offered, supported by private medical insurance, a profit related incentive and other big company benefits.

To apply, please write to Mike Smith, ref. 7205, enclosing a c.v. and quoting current salary.

KPMG Peat Marwick McLintock
Executive Selection and Search
Abbots House, Abbey Street, Reading, Berkshire RG1 3BD

MIDDLESEX
c.£30,000 PACKAGE + CAR + BENEFITS

Are you as good with people as you are with figures ?

With a number of Sales and Distribution branches nationwide, this major British FMCG group has a diverse range of market-leading products and an impressive record of expansion.

Your role as Accounting Control Manager will be to co-ordinate the activities of the branches, directing an Accounts Manager at each site and liaising widely with the Branch Managers and other members of the senior management team.

You will be responsible for maintaining and developing high operating standards across a wide range of financial systems within the increasingly computerised Sales, Distribution and Marketing functions. This will involve a limited amount of travel throughout the UK.

In the near future, you will be involved in a major systems implementation project, but initially your prime focus will be the management, development and training of people. As a result, you will need to be a qualified accountant with the professional credibility and interpersonal ability to inspire all-round confidence and efficiency.

Reflecting the seniority of this position are genuine career prospects and a wide range of large-company benefits, including non-contributory pension, BUPA and relocation expenses, where appropriate.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/062, PD Consultants, 314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273.

R E - A D V E R T I S E M E N T

DIRECTORATE OF HOUSING SERVICES

FINANCIAL MANAGEMENT IN A HOUSING SERVICE

From £23,000+
Lease Car and Mortgage Assistance

This senior appointment could be your opportunity to develop the finance and administrative objectives to form an effective operational plan to take our Housing Service forward in the 1990's.

Responsible for all the usual finance and administration activities (including Housing Benefits) associated with the management of a large Directorate, you will head a vital and expanding function handling an annual budget of £60 million (capital and revenue expenditure).

We are looking for someone who has proven experience of financial management at a senior level, together with a full professional accounting qualification. You will need good organisational skills and an understanding of cost and performance analysis. Given the increasing level of competition being introduced into the provision of local authority services, you will also need a degree of commercial awareness. Finally, you should be capable of making a major contribution as a member of a dedicated management team.

ASSISTANT DIRECTOR
FINANCE AND ADMINISTRATION

A generous relocation package is available, including Mortgage Equity or Assistance Scheme, together with temporary accommodation in certain circumstances. The post attracts a car allowance and a free or largely subsidised car, under the Council's car leasing scheme.

Application forms, job description and other details are available from *the Director of Personnel & Management* Services, Civic Centre, Southampton, SO9 4ZF, Telephone Southampton (0703) 832832 (Answerphone out of office hours).

Closing date for return of applications forms: 5th February, 1990. It is anticipated that interviews will be held on 8th and 9th March 1990.

SOUTHAMPTON CITY

Your application will be judged solely on its merits irrespective of race, marital status, sex, sexual orientation, age, religion or disability.

An equal opportunity employer

European Tax And Finance Manager

Leading To Wider Finance Opportunities
Initially Central London,
Attractive Salary, Car And Benefits Package

This highly successful Group is a major international force in packaging and printing. A newly created role offers an excellent career opportunity within a Head Office environment. Reporting to the European Finance Director you will be responsible for tax compliance and assistance with tax planning of the UK and European Group companies. Additionally, you will be involved with the financial management of the Group and carrying out a variety of ad hoc projects. Candidates aged 24-28 will be graduate Chartered Accountants with some PQE. A sound understanding of UK taxation is desirable. You should also have the ability and ambition to seek more general financial management opportunities that will be available within the Group at operating company level outside London.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D. Pottier*, **Hoggett Bowers plc**, *11-12 Queen Square*, **BRISTOL**, *BS1 4NT*, **0272-298433, Fax: 0272 279714**, *quoting Ref: D16022/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE.

Newly Qualified Accountant

London, SW1 — *c. £27,000*

With diverse and truly global interests, this highly acquisitive £multi-billion British industrial group experienced increased profits of over 40% in 1988.

Based at the Head Office, and with responsibility to the Board, you will work as part of a small team responsible for the critical business analysis of all subsidiary companies. This is a project based role that offers a considerable degree of variety and autonomy. You will work closely with operational management across issues as diverse as:

- ▲ **Acquisition appraisals**
- ▲ **New product development**
- ▲ **Investment Analysis**
- ▲ **Business analysis**

A formal induction programme will ensure that you make an early impact and are swiftly able to apply your technical skills in this broad based commercial setting.

Career prospects are excellent as the position is viewed as an early route to general management.

For further information contact Kathryn Birkett on 01-404 3155 at Alderwick Peachell and Partners, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA. Fax: 01-404 0140.

Alderwick and Peachell & PARTNERS LTD.

Management Consultancy

Accountants to £40,000 + car

Many organisations use consultants, few ask them back. Our clients are different – they do ask us back, again and again, to implement what we have recommended or to carry out new work.

We are a small consultancy, growing at over 30% annually and part of BDO Binder Hamlyn, one of the largest international firms of accountants and consultants. We aim for excellence in the provision of management consultancy services from concept to implementation, helping our clients succeed by improving their performance. To do this we focus on planning and systems, people and organisation.

Our Financial Management Division needs the highest quality candidates with the skills and determination to produce first class results in:

* strategic planning;
* profit improvement;
* management information systems.

To help us maintain our rapid growth rate, we are currently looking for qualified accountants in their late twenties/early thirties with a good first degree and a career history which demonstrates success. In return we will provide you with a tailored training programme and a varied range of assignments to help you build on your existing skills.

If you would like to find out more about us, please telephone Paul James, Director in charge of the Financial Management Division, on 01-583 3303, or write to him at 8 St. Bride Street, London EC4A 4DA.

BDO BINDER HAMLYN

BDO Binder Hamlyn
Management Consultants
8 St. Bride Street
London EC4A 4DA

Queen Mary & Westfield College
University of London

Assistant Financial Secretary
c.£24,000 p.a.

Queen Mary and Westfield College was formed in September 1989 by the merger of Queen Mary College and Westfield College. It is one of the largest of the many institutions which make up the University of London and is embarking on an exciting period of change. In October 1990 it will acquire a new medical faculty. A major capital programme in excess of £50m is already underway and scheduled for completion in 1992. The new College has an annual income of around £40m, from a wide variety of sources.

The Assistant Financial Secretary will play a key role in the financial planning for the new College and the preparation and monitoring of annual budgets.

This is an excellent career opportunity for a qualified accountant with relevant experience in the public or private sector, sound technical ability, management and interpersonal skills and the vision to contribute to a rapidly expanding and challenging environment.

If you are interested please telephone 01-975 5171 (24 hour answering service) for further particulars and application form quoting reference 90/13 or send your C.V. to the Personnel Officer, Queen Mary and Westfield College, Mile End Road, London E1 4NS.

Closing date for applications is 9th February 1990.

FINANCIAL CONTROLLER

Chester area **£24-28,000 + car + benefits**

Established only five years ago, and with turnover already approaching £70m, this highly profitable division represents one of the most exciting developments in the history of this prestigious international group. Consistently high levels of capital investment and aggressive penetration of markets in the UK and overseas will continue the momentum of future growth.

This fast moving division now requires an experienced accountant to be a key member of one of its strategic business units. Working closely with the Managing Director, you *will take responsibility* for all financial affairs of the business, providing and ensuring integrity of information to the Board. This will incorporate appraising existing controls and reporting procedures (developing additional systems where necessary), examining capital expenditure proposals and researching acquisitions. Commercial awareness and the ability to manage a multi-site business, will be essential.

You should be a qualified accountant, probably in your early thirties, with strong technical skills and a mature but dynamic personality, preferably with substantial experience in manufacturing/processing.

Success in this role is paramount to the continued evolution of this very young and exciting division. If successful, the achievements of the jobholder will lead to exceptional oppportunities within either the division itself or the group.

To apply, please contact Linda Gaskell at our Liverpool office, quoting reference L333.

ASB

Corn Exchange Buildings,
19 Brunswick Street, Liverpool L2 0PJ.
Tel: 051-236 9373 Fax: 051-227 5974

Also at: Birmingham, Leeds, Manchester, Nottingham and Swindon

ASB RECRUITMENT LTD A Division of ASB Barnett Kinings Plc

FINANCE DIRECTOR

Aged 30s
Sussex

c £40K package + car + benefits

Our client, a specialist sales distribution and processing company, operates as an autonomous subsidiary of a growth orientated, £200m t/o group with interests world-wide. Over the last 2 years this highly profitable subsidiary has firmly laid the foundations for rapid organic expansion.

It now wishes to appoint a pro-active, Finance Director to work with the Managing Director, to drive the business forward to achieve its ambitious profit and performance goals.

The brief will be demanding. Initially your role will centre on up grading the quality of its accounting systems by implementing a fully intergrated computer system and pursuing a vigourous strategy of improvement where necessary. You will also be expected to provide a commercial advisory service to the Managing Director which will incorporate short and long term planning, investment appraisal and business management.

To handle this role you will need to be a qualified accountant with well developed skills in 3 areas:- commercial accumen; financial expertise; and interpersonal communications. Ideally you will have experience of a service/distribution environment, but certainly you will need the personality and drive to successfully help take the company to the next stage of its development.

To apply please contact Chris Davis quoting Ref. B122.

ASB

Wellington House, 34 Waterloo Street,
Birmingham B2 5TJ. Tel: 021-233 0101
Fax: 021-233 0027

Also at: Leeds, Liverpool, Manchester, Nottingham and Swindon

ASB RECRUITMENT LTD A Division of ASB Barnett Kinings Plc

Financial Controller — Director Potential

£35,000 inc quality car
M3 Corridor

Our client, an international transportation and forwarding business, has an established UK presence. Renowned for its co-ordinated teamwork and high quality service, the company has a total commitment to continued growth both organically and by acquisition. To realise this ambition, there is a need to strengthen the existing UK management team, through the appointment of a Financial Controller.

Reporting to the Managing Director, principal responsibilities will include the management and motivation of the accounts function, development of management information systems and the fulfilment of a financial planning and analysis role. Playing a key part in the management of the company, strategic input will encompass the investigation of new business opportunities and the evaluation of potential acquisitions.

Candidates will be qualified accountants with a minimum of 2 years' commercial experience. Strong interpersonal and leadership skills are essential for success in this stimulating role. Only candidates with the track record to reach board level need apply.

CLARK WHITEHILL
Executive Selection

For further information, please contact David Kennedy, Clark Whitehill Consultants Limited, 25 New Street Square, London EC4A 3LN. Tel: 01-353 1577.

Executive Role: International Business Environment

CORPORATE FINANCE

Package To £38,000

Surrey

This blue-chip multinational maintains an elite team of executive corporate financiers as a business resource at Group centre. A multi-billion pound turnover industrial conglomerate, with an outstanding record of growth and profitability, it is the market leader in its field. In order to maintain this pre-eminent position it is constantly reviewing and developing activities in all its global markets. This is the function of the corporate finance team: to provide decision making support to the Chief Executive and Board.

With a high level of individual responsibility, the roles operate in a non-hierarchical and team orientated environment. The brief is to optimise financial performance by analysing current and prospective activities. Considerable liaison with directors and senior level managers is required. Principal responsibilities will include:

- ACQUISITIONS: Appraisal of potential acquisitions and divestments; valuations and assessment of the impact on the Group.
- PROJECT APPRAISAL: Appraisal of major capital expenditure proposals and of project financing schemes.
- *LONG RANGE FORECASTING: Development of long range financial forecasts.*
- MONITORING SUBSIDIARY PERFORMANCE: Review of budgets, plans, operating performance and impact on corporate performance.
- CORPORATE RESTRUCTURING: Continual reappraisal of the Group's structure both in the UK and overseas.

A range of one-off project work, as required by the Board, is also envisaged. Some international travel should be anticipated.

The position is a proven route to other senior financial roles within the Group.

Candidates will be qualified Accountants, 27-32, rounded individuals, intellectually capable with well developed communication skills. Probable background would include Chartered Accountants, 'Big 8' trained with special project/corporate finance experience and seeking a first move from the profession, or other qualified Accountants with project appraisal experience gained in a blue-chip environment.

A first class remuneration package is offered including company car and relocation assistance where appropriate.

Please apply directly to Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 01-485 1356. Alternatively fax your details on 01-836 4942.

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OPERATIONAL/ FINANCIAL AUDITORS

for a leading transport and security services group

- Mayne Nickless (UK) Limited is the holding company for the UK operating subsidiaries of Mayne Nickless Limited, an Australian company with interests in Australia, USA, Canada, mainland Europe and New Zealand. UK subsidiaries include Security Express Limited, Parceline Limited and Armaguard Limited.
- Two auditors are required, one based in Nottingham and the other in Newbury, to join an existing team with responsibility to the UK Audit Manager for undertaking a wide variety of assignments in the UK and occasionally mainland Europe and assisting in the continuing development of operational/financial review strategies.
- The work is challenging, varied and ideal for career-minded qualified accountants (ACA/ACCA/ACMA) with an audit/commercial background and report-writing skills. Experience in computer audit and in the use of Lotus 123 or similar would be an advantage, as would fluency in either French, German or Spanish.
- *The positions have a high profile in the company, offering scope for line management appointments in the short/medium term.*
- Remuneration offered includes a salary negotiable in the range £18,000 to £23,000 per annum plus fully expensed company car, contributory pension scheme and private health insurance.

To apply, please write with full CV to Roger Wilson, UK Audit Manager, at the address below.

MAYNE NICKLESS (UK) LIMITED
Mabel Street, The Meadows
Nottingham NG2 3ED

FINANCE DIRECTOR

Successful High Technology Company
~ Home Counties to £40,000 + car + benefits ~

With a turnover in excess of £27 million, we are Europe's largest manufacturer of sophisticated building automation systems and controls.

A highly successful subsidiary of the international Landis & Gyr group, we now have this attractive opportunity for a Finance Director as a result of the group's reorganisation of its businesses.

Working closely with the Managing Director, you will play a key role in the running of the building control business, implementing the financial strategies vital to its future success and growth. This will involve you not only in financial management issues, but also in strategic planning decisions, systems enhancement and team building.

A qualified accountant, your strong financial skills must be supported by a results orientated approach and excellent communication skills. You will be commercially-minded and experience within an environment dedicated to large-scale contracting would be a distinct advantage.

For an informal discussion, please contact our current Finance Director, Martin Johnston on 01-992 9953.

Alternatively, write to him with full career details at Landis & Gyr Building Control (UK) Ltd., Victoria Road, North Acton, London W3 6XS.

LANDIS & GYR

هكذا من الأصل

EUROPEAN FINANCIAL MANAGER

Newly/Recently Qualified — **c£30,000 + Car**

This is an outstanding opportunity for a talented young accountant seeking rapid career development in a progressive international company. Following a period of significant expansion, our client, a major US engineering and instrumentation group with twenty subsidiaries in Europe, is currently setting up a new European HQ in London.

The Financial Manager will be a key member of the small Head Office team, working closely with the Finance Director and the VP-Europe.

In addition to the Head Office accounting, this commercially orientated role will encompass budgets, forecasts and investment appraisal; integration of new acquisitions and assistance with the financial management of operating companies; development of improved treasury management processes and ad-hoc project work for senior management.

Candidates should be qualified accountants of graduate calibre, with up to three years PQE in a leading professional practice or a substantial corporate environment. You must have sound technical abilities, initiative, commercial acumen and senior level credibility. This challenging role will suit an ambitious individual with the ability to take on a subsidiary controllership within two to three years.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref: L476.

Egor Executive Selection,
58 St. James's Street
London SW1A 1LD (01-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

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CITY — TO £55,000 + SUBSTANTIAL BENEFITS

Finance Director

Our client is the investment management subsidiary of a major UK financial services group. With assets under management approaching £8 billion, the company has a substantial role in managing diverse portfolios – both for the group and for external clients.

As Finance Director you will make a key contribution – working at the highest level in determining strategies for business development, as well as taking operational responsibility for all financial activities and the growing compliance function.

You will be a graduate qualified accountant or MBA in a related discipline in your late thirties or early forties.

You must have gained substantial experience in the financial services sector, although detailed technical knowledge of the investment area is not essential. You must demonstrate proven man-management skills, together with the personal presence and maturity demanded by this challenging role.

Please send full personal and career details in confidence to Alison Lewis, PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL, quoting reference 5339/FT on both envelope and letter.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

Coopers & Lybrand Deloitte — Executive Resourcing

PQE

DOCKLANDS — £35,000 + car

Investment Property Accountant

This world-wide operator in the business of property management and investment, is seeking to appoint the Senior Accountant of a department which will ultimately consist of twenty-five staff. You will spearhead the development of a young team and implement information and communication systems that are fast, accurate and responsive. During the first year, extensive *travel to the overseas Head Office will occur - regular* international liaison being a core element of the role.
Ref:15184

Contact the Manager: 14 Harbour Exchange Square E14 01-538 9797
Fax: 01-538 9543

HEMEL HEMPSTEAD — To £30,000 + car

Assistant Treasurer

This international corporation has already attained world status as a high technology business organisation, and further expansion is planned through out this decade. *With this in mind, the company seeks a capable* individual to undertake this important role. Some of your responsibilies will include accurate cashflow reporting, forecasting, optimising returns on funds invested, minimising cost of borrowed funds, co-ordinating and supervising insurance arrangements and acting as Deputy in the absence of the Treasurer.
Ref: 87A1021

Contact the Manager: 55 High Street, Watford 0923 50350
Fax: 0923 37148

Post Qualification Experience – send your CV or phone the appropriate Manager or our Specialist PQE Career Advisers on 01-489 0403 (24 hour answering service) for an application form now.
Reed actively promotes Equal Opportunities.

REED... accountancy

1990

JANUARY

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M	1	8	15	22	29
T	2	9	16	23	30
W	3	10	17	24	31
Th	4	11	18	25	
F	5	12	19	26	
S	6	13	20	27	

THE TIME HAS COME . . . FOR A CHANGE

THAMES VALLEY CAREER FAIR
RAMADA HOTEL, READING

THURSDAY 25th JANUARY 1990 4.30pm-9.00pm

Experienced? Part Qualified? Finalist? Qualified?

Considering your next career move, or keen to know more about current market activity?

Below are representatives of the business community who will be at the career fair to discuss their recruitment requirements.

For more details about the event or for further information if you can't make it on the day contact David Brownlow on 0753 35939.

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Financial Controller

Redditch, Worcs — **To £25,000 + bonus + benefits**

Our client, Shakespeare Company (UK) Ltd, is brandleader in the Fishing Tackle Market. This profitable, American owned company operates autonomously in the UK and enjoys an enviable position in the world market.

To strengthen the management team Shakespeare now seek to recruit a Financial Controller to take full responsibility for all aspects of the financial function of the company, reporting to the Managing Director.

The ideal candidate will be a qualified accountant with experience of the full range of financial and management accounting disciplines. The role will encompass the production of management and financial accounts, budgets, forecasts and Company secretarial duties. Although this is a manufacturing company financial accounting skills and commercial acumen are of prime importance.

The successful candidate must be prepared to become involved in the long term commercial success of the business, and with this in mind the salary is supported by a substantial company performance related bonus. The package also includes company car, pension scheme and private health insurance.

If this position interests you, please send full CV, including salary details and quoting reference F/640/J to Julie E Meakin, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

SEARCH AND SELECTION

Ernst & Young

Appointments Advertising

appears every Wednesday and Thursday, for further information please call:

01-873 3000
Elizabeth Arthur ext 3694
Nicholas Baker ext 3351
Jennifer Hudson ext 3607
Richard Huggins ext 3460
Adam Futeran ext 3559
Sarah Gabe ext 3199
Stewart Maddock ext 3392

CHIEF ACCOUNTANT

CIRCA £30,000 + CAR + BENEFITS — **WEST SUSSEX**

Our client, a leading multinational, involved in the manufacture of high-tech equipment, has enjoyed its most successful year to date with sales in excess of $US500 million worldwide. This dramatic growth is anticipated to continue well into the 90's and the need has therefore arisen for a high calibre Chartered Accountant to join the existing senior management team. Reporting directly to the Financial Director, the successful candidate will enjoy a position that offers the complete responsibility commensurate with a senior financial role. A successful track record *gained within a manufacturing envionment* is important, as is the ability to demonstrate already proven technical and interpersonal skills in the control and management of a medium sized finance department. This exceptional career opportunity should attract ambitious individuals aged 27-35 looking to join a well structured organisation committed to the continued development of its staff.

For further information please telephone Clare Pym or alternatively send a detailed Curriculum Vitae to Richard Hartley, FCA at the address below.

Hartley Management Selection
36/38 Whitefriars Street
London EC4Y 8BH
Tel: 01-353 3277 Fax: 01-353 9741

GLOBAL CAPITAL MARKETS
DEPUTY FINANCE AND OPERATIONS MANAGER

A leading international bank with an impressive reputation in sales, trading and financial engineering, seeks a Deputy Finance and Operations Manager for its long-term finance operations area.

In this senior role, you will be Deputy Head of a team of 32 staff providing operational support for the sales and trading of Eurosecurities including new issues, fixed and FRN products and asset swaps. Specific responsibilities will be to create the business infrastructure for new and established business opportunities and assure that all operations and processes achieve optimal performance. This will include market and credit risk, analysis and control, compliance, funding and profitability and will require close liaison with dealing room management.

You are likely to be an accountant with practical experience and in-depth knowledge of Eurobond accounting and operations; knowledge of Equities and Swaps would also be an advantage. Your line-management skills are well developed and you are prepared to get involved in the detail in order to understand the business. Strongly self-motivated, you have demonstrated your initiative and communication skills by building relationships with traders/dealers either in finance or operations with another prestigious capital markets house, or as an auditor/consultant with a professional firm specialising in this sector.

Above all it is essential that you have the combination of strategic vision and a pragmatic hands-on approach that will enable you to succeed to the Head of Department position within 12 months.

Based in London, the position offers an attractive banking salary and benefits package including company car mortgage subsidy and bonus. Please write with CV and salary details to:
(REF FT220), GPA Marketing, Unit 11, Telfords Yard, The Highway,

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International Institute of Tropical Agriculture
Ibadan, Nigeria

DIRECTOR GENERAL

IITA invites nominations and applications for the position of Director General.

IITA is an international agricultural research institute in a world-wide consortium of 13 centres co-sponsored by the World Bank, Food and Agriculture Organisation (FAO) and United Nations Development Program. The Institute has sub-stations and outreach programs in many countries of sub-Saharan Africa. IITA scientists from 45 nations work in partnership with national agricultural research agencies to raise the productivity and income of small-scale African farmers, and thereby to increase food production in Africa.

The Director General is the chief executive officer, headquartered in Ibadan, Nigeria, responsible to an independent Board of Trustees which includes distinguished scientists and leaders from around the world. The Institute has an annual budget of $33 million and it employs approximately 200 internationally recruited and over 1,200 locally recruited staff.

Candidates should have:

- Vision and leadership qualities.
- Successful record of management of science at a high level.
- Extensive international experience, including knowledge of agricultural research.
- Ability to communicate and inspire the loyalty of scientists and administrators of different nationalities and disciplines.
- Ability to command respect at high levels of government, donors, international cooperation agencies, and scientific associations.
- Energy, initiative and innovative ability.
- Experience in African agriculture would be preferable.

This position provides an opportunity for an experienced leader to contribute to the resolution of one of the most serious problems of international agricultural development today.

Remuneration is competitive and include housing, personal car, assisted education, health insurance and annual home leave travel. The Institute is situated on an attractive 1,000 hectare campus outside Ibadan and has excellent recreational facilities, medical clinic, and school.

Applicants for the position of Director General, are invited to send their curriculum vitae, date of availability and names and addresses of three referees to Trustee Search Committee for the Director General of IITA, c/o L.W. Lambourn & Co. Ltd., Carolyn House, 26 Dingwall Road, Croydon CR9 3EE, England.

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[illegible] Savile Row, London [illegible] 3879 Fax 01-734 [illegible]
22 Suffolk Street, Birmingham B1 1LS 021-643 2924

FINANCE AND BUSINESS MANAGER

W1

TO £30,000 + CAR

AMERICAN PUBLISHING HOUSE have traditionally produced their world leading magazines in the States but now plan to establish London as the European headquarters with separate production facilities. They are currently putting together the management team to run this venture and they need to recruit a young accountant who will be able to handle an unusually wide brief.

A small proportion of the job will relate to preparation of financial and management information for the American head office to very strict deadlines but the emphasis will be towards providing a wider range of business advice to the management team. This will include strategic planning and forecasting and analysis of the company's marketplace and will require the establishment of a particularly close relationship with the sales and marketing divisions.

It will require an accountant who sees his/her qualification as a passport to wider business horizons. It will require the ability to handle concurrent projects and to communicate ideas effectively to non-accountants. Candidates should be able to demonstrate evidence of these abilities in their career to date.

Please contact Gordon Montgomery on 01-629 8863, fax 01-408 0961 or write to him at the address below.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS
BOND HOUSE, 19-20 WOODSTOCK ST, LONDON W1R 1HF Tel: 01-629 8863

Director of International Audit

Worldwide Entertainment Group

To £40,000 + Car + Bonus

WAP

Our client, a leading international entertainment organisation with a turnover approaching $400m, has expanded rapidly in recent years. A dynamic management team coupled with innovative marketing strategies has been effective in producing accelerated organic growth, leading to substantial business opportunities globally. The company culture is both competitive and highly entrepreneurial.

Increased internal demands have generated the need to augment the finance function with a Director of International Audit. Reporting directly to the Chief Financial Officer and managing a team of qualified accountants, the appointee will immediately assume overall responsibility for the planning, review and implementation of financial and operational controls world-wide. This will largely incorporate the management and co-ordination of organisational audit programmes, the review of operating subsidiaries and licensee agreements internationally, and special investigations into the viability and effectiveness of long term contracts and partnership arrangements.

This opportunity will appeal to a qualified accountant (aged 30–40) with a record of achievement to date, either within a commercial environment or public practice. An ability to both *impartially assess organisational problems, and liaise at all levels* in a challenging environment, is a prerequisite.

The benefits include an attractive remuneration package together with fully expensed car and the potential to progress rapidly to senior management status.

For further information in strict confidence contact Brian Hamill on 01-287 6285 (evenings and weekends 01-627 4974). Alternatively, forward a brief resumé to our London office quoting Ref: BH 504.

WALKER HAMILL
Financial Recruitment Consultants
29-30 Kingly Street, London W1R 5LB
Tel: 01 287 6285
Fax: 01 287 6270

Group Financial Director

Diversified Private Holding Company

North West Kent on M25 — **Substantial Negotiable Salary & Participation Package**

Our Client is a well-known private Group with substantial asset backing and annual sales above £50 million. The Group Companies, engaged in contracting, project management and associated product distribution continue to enjoy sustained and profitable growth through quality of performance and leadership in their fields of operation.

This new Board appointment is being made as a prelude to the founder's planned retirement; it offers exceptional scope personally to influence the shape of the Company, to play a major role in its future direction and to participate in its continuing financial success.

As Financial Director, you'll join an informal, hard-working, non-bureaucratic team. In your dual strategic and operational management role, key responsibilities will be the efficient management of Group financial administration, the enhancement and upgrade of current information systems and controls. Of equal importance will be the identification and negotiation of new acquisitions, joint ventures and marketing agreements.

A graduate accountant in your late 30's to early 40's, you'll already have gained success in a similar position. Your highly practical, entrepreneurial outlook is likely to have been developed and honed in an industrial, contracting or competitive services environment. A credible and experienced negotiator, communicator and man-manager, you'll also have balanced technical skills in the treasury, taxation, DP/MIS management, investment strategy and corporate secretarial fields. An objective, decisive style and a good level of computer literacy at the macro-level will also be essential.

Starting salary (which will not be a constraint for the right person) – is likely to appeal to those currently earning £50,000 or more. You are asked to write initially, in complete confidence, to myself as Selection Adviser to the Company, quoting reference number 1413.

TAL

**Paul Lichtin, Director,
Thompson Associates Ltd.,
Compton House, Selsdon Road,
Croydon CR2 6PA.**

FINANCIAL DIRECTOR DESIGNATE

Newly or Recently Qualified ACA

LONDON N9

To £33,000 +Bonus, Share Options, Car & Relocation

Our client is the market leader of an industry worth an estimated £750m.

Established in 1949, their commitment to excellence ensures that their prominent position will remain secure throughout the 1990's and beyond. Turnover has increased by over 500% in 2 years alone. This substantial, yet stable growth owes as much to sound business planning as it does to the aesthetic and ecological success of their projects.

In the last 10 years, our client has been the recipient of at least 13 national and international awards in the field of environmental re-generation.

This success has resulted in a unique position for an F.D. Designate.

Reporting directly to the Director of Finance and Corporate Strategy, this key role is vital in perpetuating the growth and profits of the company. The support of a highly motivated, dynamic team of unparalleled experience and expertise will ensure unequalled challenge and career development.

The successful applicant will be responsible for the full financial management of the U.K. and European operations including developing a sophisticated management information system, operational control and strategic analysis.

Candidates will be Chartered Accountants with up to 5 years post qualification experience. Strong commercial flair combined with an excellent personality and the ability to communicate at all levels are pre-requisite.

*To discuss this in further detail, please contact **Patrick Porter** or **Oonagh Brennan** on **01-629 4463** or evenings/weekends on **01-423 0745**.*

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 01-629 4463.

Finance Manager

South West

£30,000 plus car and benefits

A unique opportunity to participate in one of the most exciting developments in business rarely occurs. The creation of 80 TEC's (Training and Enterprise Councils) in the UK will have a direct influence on the future of British industry.

The role of the Finance Manager in the Devon & Cornwall TEC, the largest provincial TEC, will be to develop the financial dimensions, institute controls, maximise the use of computer and I.T. systems and most importantly bring a strong commercial contribution to the variety of initiatives with which the TEC's are charged. An innovative approach to new opportunities is vital as the TEC becomes involved in a wider interface with the local community.

You will be a qualified accountant with a minimum of 5 years' commercial experience. This must have included the production of statutory accounts and budgetary responsibility in a £20m plus company. Ideally an exposure to Governmental accounting procedures is desirable. What you must bring is flair and credibility to the financial management of a highly visible and accountable organisation.

An attractive package is offered to include assistance with relocation if necessary.

Please reply with a full cv to Mike Flanagan, Ref: FT 19514, MSL International (UK) Ltd., Broad Quay House, Broad Quay, Bristol BS1 4DJ.

MSL International

W1. c.£30,000 + FINANCIAL BENEFITS

WHERE audit IS MORE THAN audit

With diverse interests in the financial sector, this major British group has a philosophy of continual change and expansion through new ventures and major acquisitions. Crucial to this innovative culture is their pro-active internal audit team, whose responsibilities start with policing, yet extend to ensuring increased efficiency throughout the entire Group.

As a result of internal promotion, two "hands-on" project-based roles have been created within this multi-disciplined team for ambitious audit professionals. Liaising closely with senior management to identify opportunities for business development, you will concentrate on specific products and business areas, appraising both their performance and their potential.

Qualified, with "Big 8" exposure, you must possess sound commercial awareness. However, whatever your more recent background, demonstrably strong computer audit skills should be coupled with an obvious flair for communication at all levels.

Besides invaluable visibility and experience, these positions offer excellent group-wide career prospects and many financial sector benefits, including subsidised mortgage and relocation assistance. In addition, the package quoted (which may include a car) need not be a limiting factor for exceptional applicants.

Write, with full CV and daytime telephone No, to Patrick Donnelly, quoting ref: FT/060. PD Consultants, 314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

Audit Controller

TESCO

A strategic role with commercial impact

Cheshunt, Herts — ***£33,000 + Executive Car***

Tesco is one of the leading names in retailing in the UK. Operating profits rose by 29% in 88/89 and with ambitious plans to reach a nationwide total of 400 stores this year, the future has never looked brighter.

At the heart of this £5,000 million turnover business is the profit motivated Corporate Audit department- a young, dynamic enterprise in its own right, and the key to all Head Office financial decisions. An opportunity exists to head up this large and pro-active team. Reporting to the Director of Audit, your prime responsibilities will include:

- ▲ Identification of targets
- ▲ Influencing management control
- ▲ Reviewing company policy
- ▲ Recruiting, training and motivating staff

This is a superb entry point into group management at Tesco, offering ample opportunity to progress to either financial planning or senior line management. Aged in your late 20's/early 30's, you should be a qualified Chartered Accountant, ideally with over 2 years' post qualification experience. You can expect a wide range of large company benefits, including an expensed company car in the BMW/Mercedes bracket.

For further details, contact our advising consultant Andrew Fisher on 01 404 3155 or write to him at Alderwick Peachell & Partners, Financial & Accountancy Recruitment, 125 High Holborn, London WC1V 6QA. Fax: 01 404 0140.

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Large UK Plc with Strong International Presence

HIGH PROFILE FINANCE INVOLVEMENT

West London — **£27-30,000 pa + car + bonus**

The long established and renowned consumer brands of this client continue to enjoy their position as market leaders both within the UK and on an international basis. Recent additions to their product portfolio have proved to be equally successful.

One of the most recent developments of this large international group has been the establishment of a major joint venture in the Far East. This plus other significant developments have generated the need for a Regional Controller.

Although based at the International Head Office, the incumbent of this position will have a very direct and close involvement with Operational Management at key locations. The day-to-day responsibilities will include:

- Appraisal of current results, proposed plans, budgets and courses of action
- A full involvement in the control and analysis of such key areas of cost such as Marketing.

As a young qualified Accountant who has an interest in the international fmcg business environment, you will enjoy a limited amount of overseas travel in this role (up to 10%). You will already have a manufacturing background and have been exposed to commercial management in a blue-chip organisation. You will have a mature approach and a very credible impact, able to build good, open working relationships with Senior Management both locally and on a remote location basis.

If you feel that you are able to respond to the above challenge please telephone Karen Wilson on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

FMS
Search and Selection Specialists for Financial Management

Cost Accounting Manager

West London — c.£26,500 + car

Our client, a major international cosmetics manufacturing company, wishes to appoint a young qualified accountant (CIMA) with 3-5 years factory accounting experience for this new position. Reporting to the Financial Controller for UK and Europe, the successful candidate will be heading a team of five and be responsible for the full costing function of a factory with a £20 million output.

General manufacturing business background, wide experience of detailed standard project costing and appreciation of inventory management techniques are essential qualifications for this job. The position offers the opportunity for excellent career progression, as well as all the benefits normally associated with a prestigious multinational company.

Please send brief personal and career details quoting reference F/100/K to Suzanna Karoly, Ernst & Young Search and Selection, 1 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

OPERATIONAL REVIEW
UK SECURITIES HOUSE

ACA **c£25,000 + Car**

An exceptional opportunity has arisen within a leading UK securities house which has achieved a well established and enviable presence in the world's major financial centres. With a history of stability and consistency of management, the group prides itself on being specialised, independent and international.

This key individual will report directly to the Group Audit Manager in London and perform operational reviews of critical business areas including overseas offices.

The role will be consultative and developmental in nature and will require extensive liaison with senior management. Ad-hoc projects including investigations and recommendations for improvements within each business sector will constitute a major part of the role.

Applicants will be newly-qualified accountants (or finalists) from an auditing environment. Although not essential, some exposure of financial institutions would be beneficial. The most important attributes will be strong inter-personal skills, initiative and a dynamic personality. Managerial potential must also be in evidence in order to take full advantage of future business opportunities.

A competitive salary package is negotiable and will reflect the capability of the successful candidate.

Interested applicants should call Andrew Chancellor on 01-437 0464 between 8.00 am and 10.00 pm or write to him, enclosing brief details, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

AQUA hydraulics

FINANCE DIRECTOR

West Sussex **Negotiable c.£22,500 + car + benefits**

Aqua Hydraulics Ltd. with a turnover of £5 million, is a leading manufacturer of high-pressure water pumps and associated equipment. It is an autonomous business unit within Dobson Park Industries, a substantial publicly quoted group.

An exciting opportunity has arisen for a financial professional who is keen to play a full role as a member of the executive team. Reporting to the Managing Director, the successful applicant will be responsible for the day to day financial management of the business, involving provision of management information for both Company and Group purposes, planning and forecasting, plus a lead role in capital expenditure proposals and maintenance and development of computer systems. The position also carries responsibility for the Company secretarial, human relations, and administration functions, together with involvement in the commercial and legal aspects of the business.

The ideal candidate will be a qualified accountant with a "hands-on" management style, a successful background in the engineering industry, and with experience of working with computer systems.

If you can meet these requirements, and have the ability to respond positively to the breadth of this position, please write, in confidence, with a comprehensive C.V. to: D.L. Lowe, Managing Director, Aqua Hydraulics Ltd, Star Trading Estate, Partridge Green, Horsham, West Sussex RH13 8RA.

Group Tax Manager

Central London **to c.£40,000 + Car, etc.**

This substantial international group has diverse interests but is best known for construction and property development.

The Group Tax Manager will be responsible for the group's tax affairs both in the fields of planning and compliance. Liaison with tax consultants in specialised fields and in the overseas subsidiaries is expected. The present manager is due to retire during 1990.

Applicants must be suitably qualified and should be aged around 40, with considerable tax experience gained perhaps as the number two in a substantial industrial/commercial organisation. Technical ability must be matched by good business awareness.

A personable, enthusiastic executive with a well-developed sense of communicative skills is sought.

Please send your curriculum vitae, including current salary and daytime telephone number, quoting reference N2034 to Michael Ping, Grant Thornton Management Consultants, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
MANAGEMENT CONSULTANTS
The UK member firm of Grant Thornton International

A.C.A. Corporate Finance £25-30,000 + Benefits

An established, City based UK Merchant Banking Group is seeking to strengthen its Corporate Finance Team through the addition of a young, Qualified Chartered Accountant. In this challenging and varied role, as part of a dynamic team you will have considerable exposure to:

- Advising clients on acquisition finance
- Venture capital and financial engineering
- Portfolio management/investment advice
- Capital market debt issuance

In addition to a sound academic background the successful candidate will be a Newly/Recently Qualified A.C.A. and will be able to demonstrate excellent analytical and communication skills. This is an outstanding opportunity for a high calibre, career orientated individual to develop within a demanding and constantly changing environment.

For further information please telephone or send your CV to Valerie Grassham or Tony Leggett at Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel: 01-588 7287. Fax: 01-382 9417.

JOSLIN ROWE Accountancy

FINANCIAL MANAGER

LONDON **£40,000 + CAR**

Braxton Associates, one of the leading international strategic management consultancies and a member of Touche Ross International, seeks a commercially minded accountant to take full responsibility for its finance function, reporting to the Managing Director.

With offices in London, Paris, Munich, Boston and Los Angeles, Braxton has grown rapidly, and services an impressive list of clients, most of whom are blue chip multinational corporations. The firm's success is built on its ability to help these clients achieve real and lasting improvements in their financial and competitive performance.

Braxton is a stimulating place to work. Its 130 employees come from many national backgrounds, and include not only the cream of first graduates but also many MBA's from top business schools such as Harvard and INSEAD. The culture is, nevertheless, not academic but distinctly commercial, with attention firmly focused on profitability and cash management.

The Finance Manager's role is therefore of key importance. Prompt, accurate and meaningful financial and management accounts are seen as vital to the efficient control of the bottom line and the bank balance. Similar importance is placed on the need for continuous review and development of systems to keep pace with Braxton's continuing growth.

Applicants must have sound all-round experience in a hands-on environment, being equally at home adopting a shirt-sleeves approach to basic accounting functions, handling foreign exchange transactions or discussing policy at board level. Self-starters with a high energy level, they must possess the intellectual capacity and inter-personal skills to earn the respect of Braxton's highly intelligent and talented consultants. Above all, candidates must understand what makes a business tick and have the proven ability to get results.

If this challenge excites you and you believe you meet our requirements, please send a comprehensive career résumé, including current salary and day-time telephone number, quoting ref. 3097 to Vivienne Hines, Executive Selection Division.

Touche Ross
5th Floor, 52/54 High Holborn, London WC1V 6RL.
Telephone: 01-353 7361.

Vickers

c. £30,000 + Full Company Benefits

Central London

BUSINESS APPRAISAL

Executive Position: Financial Evaluation and Initiating Change

Vickers' flexibility of approach and commitment to excellence has been the key to success. Vickers has evolved into a leaner and more competitive company, operating as a specialist in a variety of niche markets. This international Group has five principal businesses, each a market leader, including Rolls-Royce and Bentley Motor Cars. An International strategy and a highly focused management team will ensure that growth will continue, both organic and through selected acquisitions.

Internal promotion, together with corporate growth, has created an opportunity for a young executive within the Business Appraisal Department. The role will embrace:

- Acquisition and divestment appraisal
- Project, tender and capital expenditure appraisal
- Appraisal and monitoring of operational plans and performance
- Corporate restructuring - both in the UK and overseas
- Ad hoc projects.

Considerable liaison with Board Directors, Divisional Chief Executives and external consultants is an integral part of this role.

The Department is a proven route to commercial and financial directorship within the Group.

Candidates will be qualified Chartered Accountants, possibly with an MBA, seeking a career move into a strong commercial environment. Exposure to corporate finance, special investigations or other commercial work within the profession, or in business would be advantageous.

Please apply directly to Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone 01-836 3545 or evenings on 01-485 1356. Alternatively, fax your details on 01-836 4942.

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ROBERT HALF LONDON

J.T

J. TREVOR & SONS
POWELL TUCK & PARTNERS

REGIONAL ACCOUNTANT—COMMERCIAL DIVISION

W1 **c£20,000 + CAR**

J. Trevor & Sons offer experienced Accountant an exceptional opportunity to develop their potential within a challenging, commercial environment. The varied role involves property management and client accounts, budgetary control, planning and introduction of new systems and procedures and supervision and training of staff. The position is ideal for a finalist or time-barred accountant with a strong personality, the ability to communicate effectively at all levels, and previous experience in a commercial environment. Ref: PF/CS

For further information contact: Accountancy Personnel, 3rd Floor, 40/41 Old Bond St., London W1X 3AF Tel: 01-499 4834

CONFIDENTIAL

FINANCIAL CONTROLLER

STAFFORDSHIRE **to £28,000+CAR+BENEFITS**

Our client, based in Newcastle-under-Lyme, Staffordshire, is a highly successful and influential producer of high technology computer and electronics products.

Reporting to the General Manager, the Financial Controller will play a crucial development role, assuming direct responsibility for the financial planning, accounting and computing affairs of the company's distribution subsidiary.

The successful applicant must be a professional Qualified graduate with a record of achievement gained in a senior financial management position within a dynamic commercial environment.

For further information contact: Accountancy Personnel, 2 Market Square, Hanley, Stoke on Trent ST1 1NY Tel: (0782) 202499

BWD RENSBURG LTD

COMMERCIAL EDGE

YORKSHIRE **Negotiable Package**

BWD Rensburg has an enviable reputation as a leading firm of stockbrokers.

A rare opportunity exists for an individual with a successful accountancy background to enter the fast moving world of stockbroking. Your professionalism, financial acumen and excellent communication skills will prepare you for an exceptionally challenging position as a Stockbroking Executive within the region, with career prospects limited only by your own ambition, enthusiasm and commitment.

Also as a result of expansion, an Accounting role has arisen at the company's Head Office in Huddersfield, to involve assisting in the production of budgets and management accounts.

For further information contact: Accountancy Personnel, 11 Station St., Huddersfield HD1 1LS Tel: 0484 432211

ap Accountancy Personnel
You don't just count you matter
Hays

FINANCE DIRECTOR

NOTTINGHAM

Up to £40,000 plus car and bonus

An opportunity to join the board of the United Kingdom's leading manufacturer of domestic cabinet furniture

The position of Group Finance Director has become vacant on the appointment of the present incumbent to a position outside the Stag group.

As Group Finance Director you will be responsible to the group's Managing Director for all financial and accounting functions in the group, including direct responsibility for the finance division of the group's principal operating subsidiary, Stag Meredew Furniture Limited.

This is a demanding job where a broad scope of financial and management accounting skills are essential, as is the willingness to take a personal involvement in the company's operations.

IF YOU HAVE:
- an appropriate professional qualification (FCA/ACA)
- experience in the financial management of a public company
- a record of industrial managment accountancy
- familiarity with practical data processing

then you will then be ready to take on the hard work and excellent rewards that this job offers. Send a comprehensive curriculum vitae to W. B. C. Evans, Group Managing Director.

Stag Furniture Holdings plc
HAYDN ROAD, NOTTINGHAM NG5 1DU

DIRECTOR GENERAL

The International Spinal Research Trust was set up in 1981 to fund medical research aimed at curing paralysis. It has grown rapidly to become one of the top 400 UK charities.

The charity is now seeking a Director General to manage a small but experienced team to develop its potential. As well as supervising the financial and administrative affairs of the Trust, the successful applicant will be expected to take a leading role in quickly raising both its level of income and public awareness of its work.

The Trust is seeking a successful business man/woman with broad-based experience.

Salary negotiable.

For details please ring 01 367 3555

AUDITOR - South Coast c£25,000 p.a.

A qualified accountant is required to join the audit team of a large financial organisation on the South Coast. There is a generous relocation package and the benefits inlcude a mortgage subsidy.

Please telephone
Shelagh Arneil on 01-583-1661 or send c.v. to her in confidence:

Angel International Recruitment,
50 Fleet Street, London EC4Y 1BE

GROUP COMPANY SECRETARY

West Midlands

Triplex Lloyd plc is an engineering group, serving the automotive, power, defence, construction and electrical engineering markets of Europe and North America.

The vacancy of Group Company Secretary which Triplex Lloyd is seeking to fill has arisen through the untimely death of the incumbent, and is a special opportunity for an individual to work at Board level in a lively, innovative and highly successful organisation. This dynamism is reflected in the Group's recent growth. Annual turnover has increased from £27 million in 1985 to around £180 million at present, and over the last six years the company has moved from a loss of £992,000 to a profit of over £8 million in 1989.

The main responsibilities will be provision of statutory, legal and administrative Company Secretarial services to the Triplex Lloyd Group. Co-ordinating the management of Company Pension Plans, involvement in mergers, acquisitions and major projects and the monitoring of shareholder investment are also important aspects of the job.

This demanding senior post requires a professionally competent individual with exceptional personal qualities. Candidates must have previous company secretarial experience and preferably be educated to degree level in a legal or financial discipline. Dedication, reliable and accurate reporting and good communication skills are essential for success in this role. The ability to lead and develop a small team is important in the context of the Group's continuing growth.

We offer an excellent remuneration package including competitive salary, annual bonus scheme and good pension plan with life insurance, contributory health insurance and fully expensed executive car.

To apply, please write with full curriculum vitae to:

J A Doel, Chief Executive
Triplex Lloyd plc
Cranford House, Cranford Street
Smethwick, Warley
West Midlands B66 2JR

TRIPLEX LLOYD

Financial Controller
Property

S. East — **To £38,000 + Car**

Our client, a medium sized plc, is a well known and respected property developer with operations throughout the South-East. The group has an enviable reputation for building well-designed, quality units and is committed to steady expansion throughout the UK in selected locations.

Reporting to the Group Finance Director, this challenging role will encompass full financial control responsibilities through the enhancement and development of management information and financial reporting systems. The ability to adopt a hands-on approach to problem solving is considered essential.

The ideal candidate, a highly motivated individual aged 28-33, should have at least three years post-qualification experience, preferably within the property sector. Strong communication skills and a high degree of self confidence are essential requirements in order to liaise effectively with senior management and lead a committed finance team.

In addition to the advertised salary, the benefits package will include a fully expensed car, profit related bonus, attractive pension scheme and medical insurance. Prospects for promotion will be limited only by personal ability.

For further information contact James Hyde on 01-839 7595 or alternatively write, enclosing a detailed CV, to the address below.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 ST. JAMES'S SQUARE, LONDON SW1Y 4JR FAX: 01-930 7470. TELEPHONE: 01-839 7595.
A GKR Group Company

BUSINESS APPRAISAL
FINANCIAL SECTOR

ACA — **c£26,000 + Benefits**

One of the leading UK financial groups, with a progressive approach to diverse global activities and an envious record of success, seeks to strengthen one of its key areas.

Due to internal promotion within the organisation we are seeking two recently qualified accountants to join a dynamic business team.

Business viability studies, strategic reviews, control analysis, post implementation reviews and secondments to UK and overseas operations are all directed by the operational review division.

Reporting to the Business Manager, you will gain comprehensive commercial experience for a period of two years before being actively promoted to a business area where your marketable skills can be used and excellent career goals pursued.

To meet the demands of the role it is essential that candidates are Chartered Accountants with large client experience. Interpersonal skills, initiative and a high motivation level are necessary in order to liaise effectively with senior executives on a variety of projects.

A competitive salary is offered together with excellent financial sector benefits.

For a confidential discussion telephone Benjamin Anderson today on 01-437 0464 or write to him, enclosing brief details, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

FINANCIAL CONTROLLER
(Financial Director Designate)

North West — **c. £30,000 + car + benefits**
Age: 28-38

Our client is a highly successful and profitable privately-owned manufacturer and distributor of household products. Market leader in its specialised FMCG sectors, it supplies a blue-chip customer base. The company is committed to a policy of sustained growth, both organically and through acquisition. Following a retirement, it now requires a high-calibre qualified accountant to join the young, progressive management team.

The new appointee will assume overall responsibility for the financial functions, paying special attention to improving the quality of management information systems and controls. He/she will also play an important role in all general management of the company, working closely with the Board and senior colleagues on present and future development of the business.

The successful applicant, probably a graduate, will have several years experience in industry or commerce and will possess well-developed commercial skills. These qualifications will be supported by a sound knowledge of computer systems, good interpersonal abilities and an open, positive personality.

This position provides not only a stimulating medium-term challenge, but also an exceptional long-term career opportunity with matching rewards.

Please apply to our Manchester office, where your contacts are Dudley Harrop and Audrey Shaw. Ref. MX150.

ASB RECRUITMENT LTD

Amethyst House, Spring Gardens,
Manchester M2 1EA. Tel: 061-834 0618
Fax: 061-832 9123

Also at: Birmingham, Leeds, Liverpool, Nottingham and Swindon

A Division of ASB Barnett Kinnings Plc

The MAC Group is an International Management Consultancy based in central London and we are currently seeking a

General Ledger Accountant

Reporting to the Accounting Manager. The position will entail the keeping of the Company books to trial balance, assisting in the preparation of monthly managment accounts, annual returns etc.

Computer knowledge (MS DOS) is essential and a knowledge of Lotus 123 desirable.

Applicants should be part-qualified (ACMA) or by experience. The Accounts Department is a busy, hardworking environment. Energy and enthusiasm are essential. An excellent salary and benefits will be offered.

Please apply in writing, enclosing your current CV to:

The Accounting Manager
The MAC Group
22 Grafton Street
London W1X 3LD

No Agencies Please

FINANCIAL PLANNING CONTROLLER

EXCITING OPPORTUNITY IN OIL AND GAS

Ours is a unique history of success. Formed in 1971, LASMO PLC has grown to become the UK's second largest independent oil and gas exploration and production company capitalised by over £1.3 billion. We have offices in eight countries, interests in fifteen and established net production in excess of 80,000 barrels of oil equivalent per day.

Based at prestigious offices in the Broadgate Development at Liverpool Street, but with some overseas travel, this is a significant opportunity to make a real impact on our business. Following an initial familiarisation and training period, you will then be expected to deputise for the Manager, Financial Planning whilst reporting to the Group Controller. Your specific responsibilities will cover:

- Co-ordinating and consolidating group budgets and strategic plans
- Developing and enhancing financial planning across the group
- Assessing the corporate impact of acquisition and divestment strategies
- Implementing divisional targets and measuring performance

This is a demanding hands-on role at the centre of a growth orientated company offering opportunity and senior management exposure. Supported by a small team of accomplished professionals, it will place you firmly at the sharp end of the business involving regular contact with the Finance Director.

We will be looking for proven drive and initiative, a keen business instinct, a desire to progress, and the ability to motivate your team and push for tangible results. The combination of experience and enthusiasm we need dictates that you'll be a Graduate Qualified Accountant, strong in systems and analytical ability along with first class communication skills and commercial acumen.

Our salary and benefits package is highly competitive and includes a company car, annual profit sharing, and all the other benefits associated with a major employer. Relocation expenses will be met where appropriate.

Your first step is to write in confidence to Keith Elms, Personnel Development Adviser, LASMO PLC, 100 Liverpool Street, London EC2M 2BB.

LASMO

THE LEADING INDEPENDENT EXPLORATION AND PRODUCTION COMPANY

Systems Accountant

Surrey — **c. £32,500 + Car**

Within the next 18 months, this market-leading £multi-billion FMCG group plans a total redevelopment of its UK-wide accounting systems, including migration to a brand new DEC VAX installation.

As a result, there is a key requirement for an experienced professional to help ensure that the new systems come on line efficiently and to specification. Liaising with a broad spectrum of accounting and systems personnel, you will lead the implementation of the new purchase, nominal and fixed assets ledgers throughout the company.

A confident and ambitious qualified accountant, you will need to have gained first-hand experience of systems implementation on a nationwide scale.

In return for your analytical and interpersonal skills, you can expect excellent visibility and long-term prospects, together with significant large-company benefits which include a non-contributory pension, BUPA and relocation assistance.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/061.

BPD Consultants
MANAGEMENT - SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2275

FINANCE DIRECTOR
EXCELLENT £ + CAR

A rare opportunity has arisen in the hi-tec world of International computer software.

An appointment must be made quickly at this dynamic young company's European headquarters based in the Thames Valley.

You will need to be fully qualified with experience of dealing at a Senior Management level, preferably with an international bias. You will be able to demonstrate good interpersonnel skills and an ability to lead your Finance team to ensure the provision of accuate and on-time monthly accounts, as well as meeting management reporting, budgeting and forecasting requirements.

Renumeration will comprise a generous salary, and outstanding benefits including car; non-contributory pension and life assurance schemes, as well as BUPA.

If you combine an easy going personality with required professional qualifications; are challenged by an opportunity; and have the energy and commitment to contribute personally to our success within a fast-moving industry, then write immediately with full CV to: Box A1435, Financial Times, One Southwark Bridge, London SE1 9HL.

Finance Director
London W1 · to £45,000

International trade is forecast to grow dramatically in the 1990's, providing outstanding business opportunities for exporters worldwide.

Our client provides UK and overseas companies with unique on-line information services helping them to expand their businesses. Established in 1987 and backed by substantial capital resources, the Group is anticipating a period of sustained growth. A Stock Exchange Listing is a medium term objective.

To play a major role in this expansion they seek a dynamic Finance Director. Looking for your next major career progression, you will be a Chartered Accountant, currently in a senior financial role, probably in a service related company.

The position offers an outstanding challenge in corporate development through the Group's UK and overseas subsidiaries.

Please write, in strict confidence, enclosing CV giving present salary and with details showing your relevance to this position, to Colin J. Hooker FCA, quoting ref: 482.

DBA Associates Limited,
Clerks' Well House,
19 Britton Street, London
EC1M 5NQ. Tel: (01) 250 0003

DBA SEARCH & SELECTION

Financial Accounting Manager
— where the emphasis is on the management and development of your team

Wolverhampton

c£24,000 + Car + Financial Services benefits

You are a qualified accountant, with significant staff management experience, gained in a large, possibly public, company.

At Birmingham Midshires Building Society you will find a role that will utilise your expertise, whilst adding an extra dimension to your personal development.

We are one of Britain's fastest growing financial services organisations. Continued expansion of our core business has been matched by diversification into new areas, including Insurance and Estate Agency.

Consequently we have introduced a high profile, fully integrated financial accounting function throughout the group. You will, through the effective management of your large team, provide a high level of service to senior management. This will cover all aspects of financial accounting, ensuring full compliance with all statutory and other internal/external financial information requirements.

Benefits offered include an immediate concessionary mortgage, generous relocation assistance, where appropriate, contributory pension scheme, life cover, private health insurance and company car.

Of equal importance, prospects for career advancement are excellent.

Please write with full career details to: Philippa Harrison at Birmingham Midshires Building Society, 35–49 Lichfield Street, Wolverhampton WV1 1EL. Telephone Wolverhampton 710710 for further information.

Birmingham Midshires Building Society

1989 WEST MIDLANDS

für den Aufbau unserer Akquisitionsabteilung in der Bundesrepublik Deutschland

Financial Controller

c.£30,000 + Firmenwagen

McGregor Cory's client portfolio contains 50 of the UK's top 100 companies – putting us at the forefront of our industry in terms of size, and top of the rankings in terms of reputation.

We supply short and long term contract distribution and warehousing throughout the UK. And mainland Europe – a side of our business we are successfully developing.

To instigate further advancements in Europe, and specifically in West Germany we are looking for a financial controller to complete a highly professional acquisitions team.

Initially you will be based at our headquarters in Bracknell, Berks. After a 4 month induction programme you'll be relocated to Frankfurt where, in close cooperation with our European Development Director, you will be confronted with the opportunity to bring all your financial skills to bear.

Amongst some frenetic acquisition activity, your financial management responsibilities will span cash flow, cost control, preparation of monthly management accounts, and budgeting.

A qualified accountant, with at least 2 years' post-qualification experience, you should possess some experience of working in Germany, and of course, be fluent in the German language. Your communication skills should be as polished as your financial expertise.

We can offer the above salary, an attractive benefits package, and comprehensive assistance with relocation. If you are interested in this high-ranking financial position with excellent prospects for sustained career progression to Director status, please write, enclosing full C.V. to, Anne Phillips, Personnel Manager, McGregor Cory, Cory House, The Ring, Bracknell, Berkshire RG12 1AZ.

McGregor Cory

OCEAN
An Ocean Company

FINANCIAL CONTROLLER/ GROUP ADMINISTRATOR

Expanding Consulting Group

c. £32,000 + Car

City

Our Client is a well established specialist consultancy, providing expertise in the field of major accident investigations. The firm holds a pre-eminent position in this area, with increasing growth and the establishment of new offices and companies in the UK and overseas. In order to support this growth, a qualified Accountant or Chartered Secretary is required to fill this No. 1 role.

The successful candidate will be responsible for a small team. The position will encompass full administrative responsibilities and Company Secretarial duties together with the maintenance of tight financial controls, the production of monthly management accounts, cash flows, budgets and forecasts. The firm's computerised accounting system is currently being developed and one of the Financial Controller's tasks will be to develop this system further to meet the Group's requirements.

Candidates are likely to be in their mid 30's with a solid base of practical and theoretical knowledge, together with experience of financial systems review and development. Good analytical and communication skills are essential, as is the ability to contribute to a changing and expanding environment.

Please apply directly to Ingrid Poynton at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545 or evenings on 01-995 2960. Alternatively, fax your details on 01-836 4942.

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challenging role in dynamic plc

GROUP FINANCIAL ACCOUNTANT

London W1

to £35,000 + car

A highly rated UK manufacturing group has a turnover exceeding £200m with an exceptional record of growth both organically and through acquisition. The head office function is lean, but influential in the direction of the operating companies and group strategy.

The Group Financial Accountant is an important player, reporting to the Group Financial Controller with responsibilities for profit and cash performance and reporting, treasury, one-off investigations and board and statutory requirements.

Aged in your early 30s post qualifying experience should include the use of reporting, consolidation and analytical skills gained in a sophisticated quoted group. You must have the presentational skills to succeed in a fast moving environment.

Further opportunities in the group will occur and the role could change as quickly as the group's profile.

Please write, enclosing a full career/salary history and daytime telephone number, to John Sleigh FCCA quoting reference J/893/F.

FINANCIAL CONTROLLER

Music Industry

West End **To £30,000 + Car + Benefits**

Our client is fast establishing itself as a major name in the record industry, and is part of a large, well known UK entertainments group. The company has already grown dramatically in recent years and exciting plans for further expansion and development exist for the future.

The company wishes to recruit a Financial Controller who will be responsible for the overall finance function of the business. This will include running a team of some ten staff, covering vital areas such as financial and management accounting, financial analysis, credit control and systems development work. In addition, the Controller will work closely with board members, identifying and analysing potential *acquisitions and new areas for* business development. *Prospects for career* development within the group are outstanding.

The successful candidate will be a qualified accountant, aged between 26 and 32, who is able to demonstrate the necessary technical skills as well as a commercial approach and a high level of business acumen. The ability to communicate effectively at all levels and make a positive contribution to a young, dynamic management team is essential.

If you believe you have the potential our client requires and the determination to succeed in this exciting environment, please contact ***Charles Austin or Simon Hewitt** on 01-488 4114, quoting reference* number A546, or write to them at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. (Fax No. 480 7622)

MERVYN HUGHES

GROUP FINANCIAL CONTROLLER

STEWARD

Package £35-40 + Car

ARE YOU CALCULATING A MOVE?

Do you believe you are an individual who:

- is self motivating, ambitious and looking to earn a Board appointment within the next few years
- possesses good line management skills
- has experience of upgrading computer systems
- is aged between 30 - 40 with upgrading computer systems

and last, but not least has a sense of humour, then you could be the person we are looking for.

In return we at the William Steward Group can offer you the stability of an organisation established in 1933, which today is one of the countries leading Electrical and Mechanical contractors and low voltage switchgear manufacturers, with subsidiaries in the U.S.A. East and Central Africa; and the challenge of working within a company that has trebled its annual turnover in 6 years and intends to continue expanding its activities, such as our latest move into the Fibre Optic Data communications Field.

R.M. Jacobs, Group Managing Director, William Steward (Holdings) Ltd., Nash House, Old Oak Lane, LONDON NW10 6DH

ASSISTANT FINANCIAL CONTROLLER

London/Kent Borders **To £30,000 + Car + Benefits**

This newly created force in the financial services market is now looking to appoint an assistant FC to join their dynamic and highly professional management team.

Established in 1988 with substantial backing by one of the world's leading insurance groups, our clients' core business is the domestic investment market, utilising state of the art technology, allied to a unique approach to the market place, the company is swiftly becoming a market leader.

Applicants for this key role should be recently qualified Chartered Accountants with 3 years' "hands on" systems-oriented commercial experience, preferably within the financial services sector.

Prospects for the successful candidate in this expanding organisation (both organically and by acquisition) are excellent as they are wide ranging.

For further details please contact Kim Langridge, consultant to the company on 01-409 7308, or write to him at the London office.

ALLIED RECRUITMENT

34 SOUTH MOLTON STREET, LONDON, W1Y 2BP
TELEPHONE (01) 409 7308. FAX (01) 495 6157
LONDON · ST ALBANS · BRACKNELL

FINANCE DIRECTOR

Surrey **£32,500 negotiable**

Operating in the custom built sector of the residential housing market, our client is a major subsidiary of a publicly quoted development Group. Despite current market conditions, the Group is projecting substantial long term growth based on its proven trading philosophy and in-depth management strength.

Reporting to the Managing Director, you will have full responsibility for all the commercial, administrative and financial aspects of the business. You will be a qualified accountant in a senior financial position with experience of a tough fast-moving environment. Knowledge of the housebuilding industry would be an advantage. However, a keen commercial awareness and record of achievement are paramount.

There are excellent career opportunities within the Group and a highly competitive benefits package is available.

Please write, in strict confidence, enclosing all information in support of your application, including salary details and specific relevance to the position, to George Fearnley-Whittingstall, quoting Ref. 484, *Profile Group Limited, Clerks' Well House, 19 Britton Street, London EC1M 5NQ. Tel: (01) 250 0003.*

Profile Management Search

FINANCIAL DIRECTOR

LONDON BASED **SALARY C. £50 - 60,000 Plus car etc**

Applications are invited for the position of Finance Director for a multi - national Company with an annual turnover in excess of £200m.

The principal responsibilities will be:

★ Corporate Development and M & A.

★ Financial Control

★ Consolidation of accounts providing Group and profit results.

★ Acquisitions and disposals

★ Bank loan negotiations

★ Preparations of financial strategies.

Aged 35 - 45, an ACA with M & A experience and a *strong but flexible personality would be best suited* to this highly entrepreneurial environment.

The international responsibilities will entail overseas travel, and languages particularly French and German would be a significant advantage.

Please write with a full career and salary history to:

Box A1436, Financial Times
One Southwark Bridge, London SE1 9HL

Company Accountant – Young, Ambitious, Commercially Aware

Automotive Supplies Industry

International Group

Shropshire

£ Excellent + Executive Car

With imminent major UK expansion in the pipeline, a unique opening has arisen for a young and ambitious accountant now looking for a rare opportunity to prove themselves within a commercially-aware management role.

Ideally aged between 25-30, you will be a Qualified Graduate Accountant with some manufacturing experience able to demonstrate a good knowledge and understanding of the accounting function within a unit of a large multi-national organisation.

Based in Shropshire, you will be responsible for the day-to-day running of the accounts department including the preparation of all company accounts, financial forecasting and the implementation of new and improved information systems utilising the existing computer system. A knowledge of German would be a distinct advantage.

Prospects for advancement in this young and progressive company are exceptional. A comprehensive benefits package including an excellent salary and fully-expensed company car will be negotiable upon age and experience.

Please write or telephone for a Personal History Form to: E.M. Shill MECI, as advisor to the company, John Phillips Selection Limited, Norfolk House, Smallbrook Queensway, Birmingham B5 4LJ. Tel: 021-643 9648. Quoting reference number **2034**.

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START A GREAT CITY CAREER

Substantial income and capital gain for those considering a career move within or into the financial world.
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(West End Office) The M.I. Group

APPOINTMENTS WANTED

Chartered Accountant

with broad commercial and professional experience, computer literate, seeks a new and stimulating opportunity.

Former expatriate willing to relocate within the U.K. or elsewhere for a British organisation.

Write Box A1433, Financial Times, One Southwark Bridge, London SE1 9HL

Finance Director Designate

Property Company — Central London

£35,000–£40,000 plus car and excellent benefits

Our client is a young, dynamic, professional and expanding property company specialising in commercial investments and trading throughout the UK. It has experienced substantial growth over the last three years and currently has a net asset base with a value in excess of £15 million.

In order to manage and control its continued growth, the company now needs to recruit a Finance Director Designate who will be solely responsible for all financial aspects of running the company and who will contribute towards management decision-making. Specific duties will involve production of financial and management accounts, liaison and negotiation with bankers and other professionals, project appraisal, supervision of accounting team and all company secretarial matters.

Candidates should be qualified chartered accountants with at least 2 years' post-qualification experience within a property investment company. They should have sound technical knowledge and the ability to identify problems and produce effective solutions. The ideal candidate will also have a confident, outgoing approach and will be able to demonstrate their ability and potential for further development.

A salary of £35,000-£40,000 is offered, together with a fully expensed company car and excellent pension arrangements. Share options will be available on promotion to the Board.

Please write, in confidence, to Kelly Iriondo at the address below, quoting reference number SHA. 1421.

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE RESOURCING, 8 BAKER STREET, LONDON W1M 1DA
FAX No: 01-487 3686

A member of Horwath International

International Growth Industry

FINANCIAL TROUBLESHOOTER

NW London — to £29,000 + car

Our client, a British-owned international group is involved in the design, importation and wholesaling of brand named goods.

Rapid expansion over the past five years, as a result of entering new markets and launching new brands into existing markets, has led to a growth in turnover from £20m to £100m.

The growth to date, together with further intended expansion overseas, has led to the need to strengthen and further develop the Group finance function.

Reporting to the Group Finance Director this newly created role, seen as a training ground for future Financial Controllers, will be responsible for:

- undertaking specific assignments dealing with general business, systems and control issues
- proposing sound recommendations for the improvement and establishment of policies and procedures
- providing temporary cover for Controller level positions within subsidiaries
- assisting in the evaluation and integration of acquisitions
- assisting in defining and implementing a group strategy for computerisation

There will be a significant amount of overseas travel to Europe, the Far East and the Americas.

You will be a young qualified accountant (ACA/ACCA), with excellent communication skills both written and oral, able to use your own initiative and work with a minimum of supervision.

You will have the strength of character to be confident when putting forward your recommendations to senior management, and possess the potential to progress into a line management role within the Group.

If you wish to discuss this opportunity further, please contact Shirley Knight, BA, ACMA, MBA, on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and note of current salary.

F M S

Search and Selection Specialists for Financial Management

Ambitious Young Chartered Accountant

City — c.£29,000 + benefits

Our client is a specialist aviation insurance company in the City with a considerable client base in the UK and agents overseas. The company has created this new position which will suit an ACA with 2-5 years of post qualification experience.

Beside taking on some of the Chief Accountant's responsibilities, including financial and management accounting, the successful candidate will be responsible for a number of new tasks. These will include further development and enhancement of management reporting and compliance with the requirements of overseas regulatory bodies.

Computer literacy, insurance industry knowledge are an advantage but not essential.

The position not only offers an excellent package, but also career progression opportunities for the right candidate in a company which is committed to training and personnel development.

Please send brief personal and career details quoting reference F/090/K to Suzanna Karoly, Ernst & Young Search and Selection, 1 Conduit Street, London W1R 9TB.

SEARCH AND SELECTION

Ernst & Young

FINANCIAL CONTROLLER

With Commercial Flair

West End — £35,000 + Car

Our client, part of an international group, operating within the direct marketing/publishing sector has experienced significant growth since its inception two years ago. To help ensure this continued success, they want to appoint a Financial Controller to enhance and manage the finance function.

Reporting directly to the Managing Director, and with total responsibility for all statutory and management reporting, you will be expected to take an active role in the development of the company. This will involve considerable interpretation of the figures in addition to the management of their computation to maximise the performance of the company.

To take advantage of this challenge, you should be an ACA or ACCA with at least three years post qualification experience. This should have been gained in a commercial environment where your actions have had a direct effect on the performance of the business. However, of paramount importance is your ability to be innovative and flexible within a small but dynamic organisation. With a hands-on approach to management and good interpersonal skills, this is an excellent opportunity to get involved with the commercial aspects of finance.

If writing your own job description appeals to you, please send your CV to our advising consultant, Fiona Davidson, at Seer Selection Ltd, Marcol House, 293 Regent Street, London W1R 7PD. Alternatively, please telephone her on 01-631 0479 (days) or 01-470 0534 (evenings and weekends).

SEER Seer Selection RECRUITMENT CONSULTANTS

MEL

Make a Real Impact — and Develop Your Career

Senior Financial Analyst

Up to £27K + Car

Part of the world renowned Philips Group, MEL has become established in its own right as a technically innovative and highly successful specialist in advanced defence technology, with a number of major projects in the pipeline.

Internally, we are structured into four largely autonomous divisions - each of which is responsible for its own projects. It is for one of these divisions that we are now looking for a highly motivated individual who is keen for responsibility to join us as a Senior Financial Analyst.

In this challenging role, you will be extremely pro-active in all aspects of the division's operations - from price guidance and budgetary control to forecasting and new business proposals. In addition, you will provide a whole range of advice to the Business Manager and his management team.

A diplomatic, tenacious and persuasive individual with plenty of initiative, you should have 2 years post qualification experience in management accounting. Previous long term contracts experience is a pre requisite and knowledge of Defence Contracting would be a distinct advantage.

In return for your abilities, we can offer a highly competitive salary, plus an attractive package of benefits including private health insurance, contributory pension scheme and relocation assistance where appropriate. Your opportunities for further career progression will also be first class.

To apply, please write with your CV to Neil Bayne, Personnel Manager, MEL, Manor Royal, Crawley, West Sussex RH10 2PZ or telephone (0293) 28787.

PHILIPS

Assistant Financial Controller

Zurich

Merrill Lynch is one of the world's leading financial institutions, with 40,000 people employed in some 30 countries worldwide. The Zurich operation of Merrill Lynch Capital Markets is an active participant as market maker, issuer and underwriter of Swiss Franc denominated securities.

We now have an opportunity for an Assistant Financial Controller to join our team of 40 people working here.

Working closely with the Financial Controller, you will be responsible for assisting him in all aspects of Trading Control, Financial and Management Accounting and Treasury work. Your duties will encompass all the specialist areas of financial control, but you will also be required to take on responsibilities in a wide range of related fields, including risk management and exposure analysis.

As a result, you should ideally be a qualified – or experienced part-qualified – accountant, and it is likely that you have already gained a general background in financial services or the banking sector. Analytical and communication skills are paramount, and you should be familiar with accounting procedures and controls. A knowledge of Personal Computers is essential.

The level of expertise required to succeed in this position is reflected in the attractive salary and benefits package. In addition, you will have a real opportunity to develop a set of skills which will considerably enhance your career prospects.

If you would like to know more about the position, please write with full career details to Frau U. Wehrli, Direktion, Merrill Lynch Capital Markets AG, Muhlebachstrasse 23, 8024 Zurich, Switzerland.

Merrill Lynch
A tradition of trust

Finance Director

Financial Services

£40,000-£50,000 + Share Options + Executive Car + Benefits

Hertfordshire

Black Horse Agencies Limited, one of the leading estate agency networks in the U.K. with over 500 offices, wishes to appoint a high calibre Finance Director.

There is the potential for significant further career opportunities within the Lloyds Abbey Life plc group of companies. The successful candidate will be a highly experienced, professionally qualified graduate capable of taking a leading role in determining and implementing the strategic plans for the business, liaising closely with the Chief Executive on all general management issues.

Experience in a retail environment would be helpful and good communications, organisation and inter-personal skills are essential.

For further information, or a confidential discussion please contact
Peter Constable, Chief Executive
Black Horse Agencies Limited
Salisbury Square, Hatfield, Hertfordshire AL9 5DD
Telephone (0707) 275371

Black Horse Agencies

BRITISH VIRGIN ISLANDS

Due to continued expansion, we have the following vacancies in our Tortola Office:

TRUST MANAGER

The position will involve the administration of a portfolio of trusts and companies for international clients.

The successful applicant wil be expected to have the full range fo trust/company management skills and the ability to communicate with clients and their professional advisors. The Trust Manager will report directly to the Board of Directors, be capable of operating independently and managing the office in the absence of the Directors.

ACCOUNTANT ACA/ACCA

This position is suitable for a newly qualified accountant. The successful applicant will report to the Board of Directors and be responsible for the preparation of the Company's and clients accounts. The position will also involve direct communication between the accountant, the clients and their professional advisors.

The Advertiser is a major financial group with a network of Trust/Company Management offices in various offshore centres. We offer an attractive remuneration package wich includes non-contributory pension and health schemes.

Applications, including a full C.V. should be addressed to: Box A1434, Financial Times, One Southwark Bridge, London SE1 9HL

Deputy Financial Director

West End — to £30,000 + car + benefits

Our client is a well respected and expanding service company with an impressive record of growth and development. The group has established itself as one of the market leaders in its field and their unique style has attracted some of Europe's best-known organisations. They have identified the need for a Deputy Financial Director to assist with future expansion.

Reporting to the Financial Director he/she will have wide-ranging responsibilities beyond the financial function as well as being an active participant in the future business growth.

Candidates will be chartered accountants with 2-3 years post-qualification experience in a commercial environment. You will have the ability to work in a fast-moving and creative environment whilst motivating a small accounts team. Computer literacy, communications ability and strong management skills are essential.

Interested candidates who meet these demanding criteria, should send a detailed CV, including current salary to David Fyles, quoting reference LM111 at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

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